DON'T MISS THE BUILDER LIVINGHOME SHOW HOME AT THE 2009 IBS, SEE PAGE 188

FLYING BLIND
ECONOMIC FORECAST
See page 172

Builder

hanley▲wood

THE MAGAZINE OF THE NATIONAL ASSOCIATION OF HOME BUILDERS

JANUARY 2009



THE NEW AMERICAN HOME 2009

This year's home offers an oasis in the Las Vegas desert

WHAT HOUSING POLICY?

Dissecting the industry meltdown

GRIM AND GRIMMER

State of the Industry Survey 2009

WWW.BUILDERONLINE.COM


ENERGY • WATER • INDOOR AIR QUALITY
WORKING TOGETHER TO MAKE A SUSTAINABLE DIFFERENCE.
THE INSIDE ADVANTAGE™
Whirlpool
CORPORATION
SUSTAINABLE
™

2009 *PROPANE Exceptional Energy®* Builder Award Winners Announced

The annual *PROPANE Exceptional Energy®* Builder Awards recognize homebuilders who have built homes that showcase the innovation, efficiency and aesthetic appeal of building with propane.

Tallman Builders of Fairfield, CT, is this year's winner in the category for homes valued at more than $400,000. Dean Davis Builders of Rutland, VT, won the category for homes costing less than $400,000.



Both winners use underground propane tanks to fuel their homes.

Both winners point to propane's low environmental and aesthetic impact as the main reasons for choosing it as the primary energy source of their homes.

Tallman Builders partnered with Paraco Gas Corporation in constructing a 7,000 square foot coastal luxury home in Westport, CT. Tallman partner Bill Manderville chose propane because of its capacity for fueling a large variety of appliances and equipment—including the home's four gas fireplaces, in-ground pool and Jacuzzi, grill, furnace and more. As a luxury homebuilder, aesthetics play a critical part in Tallman homes, too. The driveway, patio and pool are virtually carved out of this seaside landscaping, affording the residents spectacular year-round water views. Being able to bury their 1,900 gallon propane tank on the property kept the home's serene look and feel while meeting the functional demands of the home.

> *"It becomes logistically challenging to fuel homes in environmentally sensitive areas like we do. Propane allows us to meet the often large fuel demands of luxury homes while also meeting strict environmental restrictions for coastal properties, and appealing to our customers' high standards for aesthetics."*
>
> **–Bill Manderville, Tallman Builders**

Dean Davis Builders has been building with propane for over five years. Based in central Vermont, the builder partnered with Proctor Gas, Inc. to build Wynnmere, a 36 unit, condominium community. With 500 and 1,000 gallon underground propane tanks fueling both the development's single family and duplex units, Wynnmere meets Davis high requirements for efficiency, aesthetics, and environmental impact. And because all of Davis homes are built to Energy Star ratings, he has found meeting those requirements is easy with propane. This efficiency is a key selling point for customers, along with the propane heat and water heating, propane fireplaces and propane cooktops that come standard in each of the units.

> *"Using propane in our homes is a selling point with our clients because of the home's resulting lower operating costs. And with the high demand for one or more gas fireplaces and a preference for gas cooking, it made sense for us to use one fuel source."*
>
> **–Rod Cioffi, Dean Davis Builders**

For additional information about building with propane, visit booth N2617 at the 2009 International Builders' Show or visit buildwithpropane.com.

THE HARDEST WO
ON THE SITE. AFT

THE FULL-SIZE TUNDRA. No one works as hard as you do, so we built a half-ton that'll keep up. We gave Tundra an available 5.7L V8 capable of pumping out 401 lb.-ft. of torque. Its large bed has a payload capacity up to 2065 lbs.[1, 2] — more than enough to haul a crew's-worth of tools and still have plenty of room left for drywall and rebar. It's got a towing capacity up to 10,800 lbs.,[3, 4] which comes in handy when your power tools consist of a backhoe and forklift. This truck's all about maximum efficiency without sacrificing maximum power. Components like an aluminum engine block let you handle those heavy loads without feeling weighed down. Now that's a half-ton worth having at any site. **Find out more at toyota.com**







OUR MANUFACTURING PROCESS INVOLVES A LOT OF HIGH-TECH LINGO. FOR EXAMPLE, "ACCOUNTABILITY."
Ronald Kaplan, CEO
When I became CEO of Trex one year ago, I accepted two jobs: making our products the best in the category, and proving to you that I have, every day. As a result, we've invested $24 million refining our manufacturing process, and will soon launch TrexPartners.com, filled with resources such as side-by-side product comparisons that clearly demonstrate our superiority. At Trex, we hold each other accountable to you and your customers. Because Trex® was first in the category. And we intend to keep it that way.
Genuine Trex
Genuine Trex WALK THE WALK TOUR
You have questions about Trex products. So take them directly to Trex executives, including CEO Ronald Kaplan himself. You'll learn about our latest innovations, developments, and improvements to our product lines. Join us and see where Trex is headed. And, eventually, the rest of the category. Tour locations and dates will be available on the upcoming TrexPartners.com.
Go to http://builder.hotims.com for more info
See us at the International Builders' Show, booth N2801


Armstrong® | CABINETS
Raise Your Expectations™
FOR YOUR MOST DEMANDING CUSTOMERS.
You know the type, they want the world and expect you to deliver.
Raise Your Expectations with:
• Cabinets shipped in 10 business days or less
• Replacements parts in 3 business days or less
• Industry leading on time and complete shipments
Armstrong's commitment to you also includes personalized design service, guaranteed measurement, and professional installation.
Our award winning service will turn your most demanding customers into satisfied customers. With Armstrong, you will be the hero.
Visit us at the International Builders' Show in Las Vegas and let us personally discuss our commitment to you.
HIGHEST CUSTOMER SATISFACTION
J.D. POWER AND ASSOCIATES
CABINETS • 2008
PRESENTED TO ARMSTRONG CABINETS BY J.D. POWER AND ASSOCIATES
Armstrong Cabinets was Ranked "Highest in Customer Satisfaction with Cabinets Two Years in a Row" by J.D. Power and Associates.
Go to http://builder.hotims.com for more info

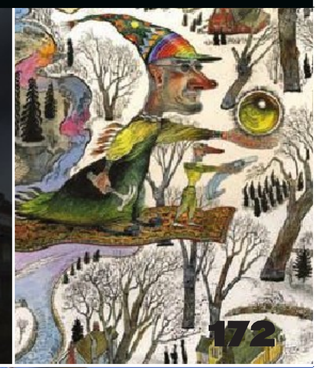

Makes Every Door
A Front Door

Builder

VOLUME 32 ISSUE 1 JANUARY 2009

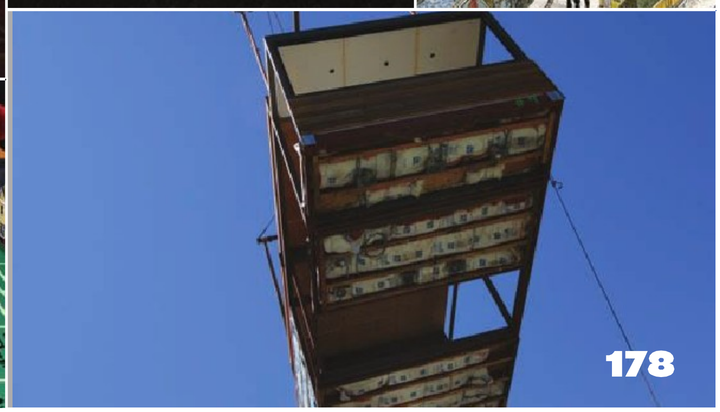












FEATURES

Volume 32, number 1. BUILDER (ISSN 0744-1193; USPS 370-600) is published 12 times per year: monthly in Jan., Feb., March, April, May, June, July, Aug., Sept., Oct., Nov., and Dec. by Hanley Wood, LLC, One Thomas Circle, N.W., Suite 600, Washington, D.C. 20005, for the National Association of Home Builders and printed in the USA. Opinions expressed are those of the authors or persons quoted and not necessarily those of the NAHB. Reproduction in whole or in part prohibited without written authorization. Single-copy price: $12.00 (except House Plans issues, which are $12.95). Periodicals postage paid at Washington, D.C., and at additional mailing offices. Postmaster: Send address changes to BUILDER, P.O. Box 3532, Northbrook, IL 60065-3532. Member: Business Publications Audit, American Business Media.

DEPARTMENTS

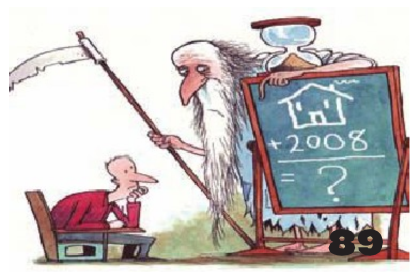
ON THE COVER: THIS YEAR'S NEW AMERICAN HOME CELEBRATES MODERN STYLE, ACHIEVES GOLD-RATED SUSTAINABILITY, AND FITS PERFECTLY INTO ITS ENVIRONMENT.

COVER PHOTO: JAMES F. WILSON









WHAT'S NEW ON: WWW.BUILDERONLINE.COM

Builder Online

IBS 360

Can't make it to IBS this year? Planning on attending but frustrated that you won't be able to see it all? Never fear. BUILDER Online is your virtual ticket to all of the goings on in Las Vegas, so you won't have to miss a thing. BUILDER's editors will be walking the show floor, acting as your eyes and ears and providing daily updates with everything from the best of the products showcase to the latest industry information. And don't forget to check out this year's show homes. With photo slide shows, links, floor plans, and so much more, it's like being able to take a tour any time of the day or night.

Rest of the Best

This month's action packed issue is accompanied by action packed extra features on BUILDER Online. After reading this month's story on our annual "State of the Industry" survey ("Battening Down the Hatches," page 150), log on to BUILDER Online to download the full survey results for a comprehensive profile of how the industry is faring.

And don't miss the in-depth profiles on the 30 movers and shakers honored for their work in the industry with this year's Hearthstone BUILDER Humanitarian awards ("Impact Players," page 158). But don't just read about them; we've left room for you to tell your stories of interactions you've had over the past three decades with these influential leaders of home building.

COMMENTS, SUGGESTIONS, AND NEWS FOR BUILDER ONLINE?

E-MAIL DENISE DERSIN AT: **ddersin@hanleywood.com**

UPlink // FOR MORE EXCLUSIVE ONLINE CONTENT AND ADDITIONAL STORIES RELATED TO THIS ISSUE'S ARTICLES, VISIT WWW.BUILDERONLINE.COM.




No wonder they bought the home.
It has everything our research shows she's looking for.
We know when she falls in love with the kitchen their purchase intent skyrockets. How can we be so sure? Our research confirmed it. In fact, Merillat leads the industry in studying how homebuyers shop and live in new homes. We never stop looking for new ways to transform our proprietary information into better kitchen designs and better model home merchandising. Because it's these insights and tools that make our builders' homes irresistible to homebuyers.
Interaction in kitchens that use our research-based insights.
WITH 60%
WITHOUT 26%
Time spent in kitchens that use our research-based insights.
1:50
1:08
Strong purchase intent in a Super Model.SM
WITH 54%
WITHOUT 35%
Go to http://builder.hotims.com for more info
In a tough market, every sale matters, and we'll help you make the most of every selling opportunity. To learn more call 888-444-4642.
Merillat.



Go to http://builder.hotims.com for more info



Go to http://builder.hotims.com for more info

Builder®

hanley wood

THE MAGAZINE OF THE NATIONAL ASSOCIATION OF HOME BUILDERS

BOYCE THOMPSON | Editorial Director • 202-736-3455
DENISE DERSIN | Editor in Chief • 202-736-3341
ERIN MAYES | Art Director • emayes@hanleywood.com
DEBORAH LEOPOLD | Managing Editor • 202-736-3380
JOHN CAULFIELD | Senior Editor • 732-257-6319
PAT CURRY | Senior Editor • 706-543-9268
NIGEL F. MAYNARD | Senior Editor • 202-736-3438
ALISON RICE | Senior Editor • 571-312-7433
JENNY SULLIVAN | Senior Editor • 202-736-3483
CLAIRE KOLTKO | Associate Editor, Copy • 202-729-3553
MELISSA GOLDWEITZ | Senior Graphic Designer • 202-729-3561
SOLA AYENI-BIU | Administrative Assistant • 202-729-3506
JOHN BUTTERFIELD | Editorial Director Online • 202-736-3413
KYLE GUSTAFSON | Senior Web Editor • 202-729-3568
CONTRIBUTING EDITORS | David Crowe | William Devereaux | Rich Binsacca | Scott Sedam | Ted Cushman | Ivy Zelman

CATHY UNDERWOOD | Director of Production & Production Technologies
MARGARET COULTER | Lead Production Manager
LAUREN DOBOS | Ad Traffic Manager
TREY GOSSAGE | Assistant Production Manager
FRED WEISSKOPF | Prepress Manager
BETTY KERWIN | Prepress Coordinator

CHRISTINA LUSTAN | Circulation Director
JEFF STOCKMAN | Circulation Manager
ANN RUSSELL | Reader Services Manager

HOLLY MILLER | Marketing Director
KIM GROVER | Marketing Manager
KELLY GRIFFITH | Creative Services Manager
STACEY CHATTMAN | Director/Conferences & Seminars
NICKY STERLING | Marketing Coordinator/Seminars

WARREN P. NESBITT | Executive Director/Residential New Construction • 202-736-3328
JEFFREY CALORE | Publisher • 202-380-3766
ALEC DANN | General Manager Online/Residential New Construction • 202-729-3576
PAUL TOURBAF | Vice President Sales and Development/Residential New Construction • 202-729-3629

HANLEY WOOD BUSINESS MEDIA

PETER M. GOLDSTONE | President • 202-736-3304
RON KRAFT | Director/Finance
NICK CAVNAR | Vice President/Circulation and Database Development
ANN SELTZ | Vice President/Marketing
NICK ELSENER | Vice President/Production
ANDREAS SCHMIDT | Executive Director/e-Media

PUBLISHED BY HANLEY WOOD, LLC

FRANK ANTON | Chief Executive Officer
MATTHEW FLYNN | Chief Financial Officer
JEFFREY CRAIG | Chief Information Officer
PAUL TOURBAF | Senior Vice President/Corporate Sales
BRAD LOUGH | Vice President/Finance
MIKE BENDER | Vice President/Legal
BILL MCGRATH | Vice President/Human Resources

EDITORIAL AND ADVERTISING OFFICES:
One Thomas Circle, N.W., Suite 600, Washington, DC 20005
Phone: 202-452-0800; Fax: 202-785-1974
SUBSCRIPTION INQUIRIES AND BACK ISSUE ORDERS:
888-269-8410 or e-mail: builder@omeda.com
NAHB members please call 800-368-5242 x8546
CIRCULATION CUSTOMER SERVICE: www.omeda.com/custsrv/bldr
PRIVACY OF MAILING LIST: Sometimes we share our subscriber mailing list with reputable companies we think you'll find interesting. However, if you do not wish to be included, please call us at 888-269-8410.
Canada Publications #40612608. Canadian return address: BleuChip International, P.O. Box 25542, London, ON N6C 6B2
POSTMASTER: Send address changes to BUILDER, P.O. Box 3532, Northbrook, IL 60065-3532

BUILDER will occasionally write about companies in which its parent organization, Hanley Wood, LLC, has an investment interest. When it does, the magazine will fully disclose that relationship.

Volume 32, number 1. BUILDER (ISSN 0744-1193; USPS 370-600) is published 12 times per year: monthly in Jan., Feb., March, April, May, June, July, Aug., Sept., Oct., Nov., and Dec. by Hanley Wood, LLC, One Thomas Circle, N.W., Suite 600, Washington, DC 20005, for the National Association of Home Builders and printed in the USA.

Opinions expressed are those of the authors or persons quoted and not necessarily those of the NAHB. Reproduction in whole or in part prohibited without written authorization. Single-copy price: $12 (except House Plans issues, which are $12.95). NAHB members receive one subscription at a rate of $15 per year taken from membership dues and nondeductible therefrom. Additional subscriptions may be purchased at the rate of $29.95 per year. Allow 6 to 8 weeks for delivery of first issue. Member: Business Publications Audit, American Business Media.

ASBPE American Society of Business Publication Editors 2007 Magazine of the Year circulation 80,000 or more

ASBPE American Society of Business Publication Editors 2007 National EDITORIAL Gold circulation 80,000 and over

BPA

Builder®

hanley▲wood

THE MAGAZINE OF THE NATIONAL ASSOCIATION OF HOME BUILDERS

SUBSCRIPTION INQUIRIES AND BACK ISSUE ORDERS:
Call 888-269-8410 or e-mail: builder@omeda.com
NAHB members please call 800-368-5242 x8546
FOR LIST RENTALS: 203-778-8700
TO ORDER REPRINTS: YGS Group 717-399-1900
FOR A MEDIA KIT: Janet Allen jallen@hanleywood.com

ADVERTISING SALES OFFICES

JEFFREY CALORE | Publisher
Phone: 202-380-3766 Fax: 202-785-1974
E-mail: jcalore@hanleywood.com

ALEC DANN | General Manager Online/Residential New Construction
Phone: 202-729-3576 Fax: 202-785-1974
E-mail: adann@hanleywood.com

JOANNA MOTT | Group Publishing Support Manager
Phone: 773-824-2459 Fax: 202-785-1974
E-mail: jmott@hanleywood.com

CHICAGO
TIM AHLERING, MARK CULLUM, PATTY MORIN
8725 W. Higgins Rd., Suite 600
Chicago, IL 60631
Phone: 773-824-2400 Fax: 773-824-2401

NEW YORK
PAUL PETTERSEN
65 Walnut Ave.
Rockville Centre, NY 11570
Phone: 516-536-9154 Fax: 516-608-9155

ATLANTA
CLARE STEFAN
2090 Dunwoody Club Dr., Suite 106-263
Atlanta, GA 30350
Phone: 770-399-9062 Fax: 770-399-9073

DALLAS
PATTY MORIN
8725 W. Higgins Rd., Suite 600
Chicago, IL 60631
Phone: 773-824-2427 Fax: 773-824-2540

SAN FRANCISCO
MARK SIMPSON
530 Main St.
Woodland, CA 95695
Phone: 530-661-3567 Fax: 530-669-3021

CANADA
D. JOHN MAGNER
York Media Services
500 Queens Quay West, Suite 101W
Toronto, Ontario, Canada M5V 3K8
Phone: 416-598-0101 Fax: 416-598-9191

ONLINE
EDWIN KRAFT
e-Media Sales Manager
5908 Northern Ct.
Elkridge, MD 21075
Phone: 443-445-3488 Fax: 202-785-1974
E-mail: ekraft@hanleywood.com

WASHINGTON, D.C.
JANET ALLEN | Executive Director/Account Management
STACY OKORO | Operations Coordinator
BRIAN SHERRY | Account Manager (West)
HALLEY DAVIS | Account Manager (South)
KEN WILSON | Account Manager (North)
BARB BUKATY | House Plans and Building Technology
Inside Sales Account Executives
One Thomas Circle, N.W., Suite 600
Washington, DC 20005
Phone: 202-452-0800 Fax: 202-785-1974

Introducing the Newest High-Tech Innovation from America's Largest Cellular Profile Extrusion Company

ROYAL S4S TRIMBOARD™



- Smooth 4-Sided Finish
- True Square™ – Stay Clean™ Edges
- Poly Select® Face & Edge Surface
- Ready to Install
- Paintable
- 100% Cellular Vinyl PVC®
- Lifetime No Rot® Warranty



Royal S4S Trimboard™ eliminates the extra work edge cut dirt creates making every job quick and clean from start to finish. Enjoy all the benefits of dimensional sanded lumber without the worries of rot, replacement or high maintenance. Improve every trim project you install while saving time using **Royal S4S Trimboard**™.

Royal Mouldings –
A history of innovation – A reputation of quality.

Available January 2009



Available:
– 3 Standard Thicknesses
– 5 Standard Widths
– Standard 18-ft Lengths & Custom



ROYAL S4S TRIMBOARD™

Royal Mouldings™
Great Ideas Taking Shape.

Ask your **Royal** branded distributor for the all-new **Royal S4S Trimboard**™ today.
800.368.3117 • www.royalmouldings.com
A Georgia Gulf Company

A Better Way?

We need a housing policy that provides more stable returns for homeowners and builders.

WHEN THE EXPERTS SIT DOWN AT SYMPOSIA TO DISCUSS the nation's "housing policy," attention invariably turns to affordability issues, homelessness, new rental programs, or regulatory barriers to construction. Rarely does anyone take on the whole ball of wax, the nation's de facto system of financing and constructing homes for a growing population.

Now's the time. It lies exposed and broken. People are losing their homes at record levels. Everyone is watching the value of their biggest personal investment erode. Banks don't do what they are supposed to do—lend money. And builders throughout the country are losing their companies and their life's savings.

Maybe the housing delivery system doesn't get attention at the federal level because in many minds it begins and ends at the local level. Local government develops a land-use plan. Eventually a builder entrepreneur brings that plan to life. Or maybe it's because most people think the whole system of providing housing, low-income projects excepted, is better left to the forces of supply and demand. Most builders certainly feel that way. Or maybe it's because the system, with its myriad inter-related parts, seems beyond central control.

Whatever the reason for entropy, it's now clear that we have a national problem, brought on by an overly accommodating monetary policy, lax financial regulation, and an appetite for risky mortgage-backed securities. For decades, the home building industry dreamed of a mortgage finance system connected to sources of national and international institutional capital. Once it happened, the players started to innovate. They took more risk in pursuit of higher returns. A home shouldn't be an asset that's bought and sold like a futures contract.

HAVE MONEY, WILL BUILD

It's often said that if money is made available, builders will find a way to use it. And that they did, selling homes to investors, to households that would have been much better off staying in rental apartments, and to wealthy individuals with dreams of grandeur. Buyers bid up prices to unsustainable levels and put them out of reach of people whose income couldn't keep pace with inflation.

With new-home prices back to 2003 levels, housing hasn't been more affordable in years. But the mortgage finance system has come off its wheels, thanks to the financial crisis precipitated by bad mortgage lending. Even when they can find people willing to buy, builders report all sorts of trouble getting them qualified. It's as though lenders don't want to lend.

In the meantime, the foreclosure epidemic, brought on by putting people in homes they couldn't afford, is driving down the value of everyone's home. This was one thing builders could always count on—that they were selling people a home that would increase in value. Now, for the first time in history, buyers are faced with the prospect that their new home may lose value in real terms. That's a tough, if not impossible, objection to overcome.



KATHERINE LAMBERT

LET THEM BUY HOUSES

The only stated national housing policy that we've had during the Clinton and Bush administrations is to increase homeownership, a noble goal. But no one was minding the major levers that the federal government has to achieve that objective—regulation of the financial industries, the GSEs, the monetary system, and affordable housing programs. Too much fuel was thrown on the fire without enough oversight.

The new administration has a chance to craft a new, more stable policy that recognizes the huge influence that the federal government has over the market. One that provides steadily increasing returns for homeowners, who depend on their homes as a nest egg. One that finds a way to cost-efficiently serve the unserved portions of the housing market. One that defines the government's role in securing secondary mortgage investments. And one that keeps housing affordable.

We need a housing policy that takes the deathly valleys out of housing cycles. I'm sure every builder would gladly sacrifice some upside for a more stable downside.



BOYCE THOMPSON
Editorial Director
e-mail: bthompson@hanleywood.com


BUILD CRAFTSMANSHIP
INTO ANY HOME
VINYL SIDING ADDS ENDURING STYLE.
With today's vinyl siding, architectural trim and accessories, you can create the rugged good looks of Craftsman style. Or virtually any architectural style. And build it to last. Whether you choose clapboard, the look of rough-sawn shakes or another attractive profile, vinyl siding delivers authentic detail. With the durability to resist wind, weather and wear – and never need painting. Now, that's craftsmanship worthy of every home you build.
VINYL SIDING INSTITUTE
America Sides with Vinyl
SM
© 2009 Vinyl Siding Institute, Inc.
Go to http://builder.hotims.com for more info
To learn more about today's vinyl siding visit us at IBS Booth #S10500 or go to vinylsiding.org


LIVE
STU
ON LOCATION

Major Shift

I DON'T THINK THIS TIME IT'S SIMPLY A matter of people waking up one day and deciding it's OK to buy their dream home. This is not a cyclical recession—this is a major shift in our culture.

The easy credit sources no longer exist. People will have to save money to put money down on a home purchase. Since people haven't been saving money and are currently up to their eyeballs in debt, they will first look to get out of debt, then save money. Taxes will go up; social security won't be a viable retirement option, so people in my generation (Gen X) and younger will be focusing on saving money for retirement (and they'll have less to spend because taxes will increase to pay for the promised entitlement programs), so now we have to rethink the whole idea of the dream house. It's not going to be some McMansion slathered in ugly fake stone with five bedrooms, four baths, and a big ol' bonus room. It will be smaller, greener, more energy efficient, and much cheaper to own, heat, cool, furnish, and pay taxes on. Americans will be rethinking their priorities. Timing the bottom is almost meaningless because the rules have completely changed; it will not be the way it was.

This country needs to wake up and start focusing on what's important—family, time, freedom from debt, freedom in general, self-reliance, etc. Unbridled materialism (much of what the boom was built on, call it greed, call it what you like) cannot continue indefinitely. The bill is due. We have to behave like responsible citizens who care about taking care of ourselves and not saddling the next several generations with more of our bills.

Unfortunately, I don't hear many builders accepting these free market concepts now that things are tough. They are the first to decry regulation and government intervention when times are good. Now, I'm reading way too much about folks in the industry wanting the government to do something about it. It makes me ill.

Posted on BuilderOnline.com in response to Boyce Thompson's blog post "Calling the Bottom with Affordability Metrics"

Builder, Online

I JUST WANTED TO SEND ALONG MY CONgratulations on the digital edition of Builder! [www.builderonline.com] You've done a really good job of making the interface as painless as possible, so it's easy and fast to read. I know December wasn't your first one, but it's the first one I've taken time to go through. Now, I will do it every issue and could probably do without my hard



copy. I would recommend one more level of zoom, so us old guys with weak eyes can read it easier. ...

I've seen a few other implementations of this technology, but not many. I go all the way back to manual typewriters and lead type, but this is really where all of publishing needs to go, in my opinion. Your efforts are really good and will probably improve, too.

The ads look great and you're almost forced to look at them—and the spreads will make editorial and ad photographers everywhere jump for joy.

So nice job and thank you.

DAN HARRELL
President
The Write Answer
San Jose, Calif.
Via e-mail

Many Reasons, One Problem

WHAT A MESS FOR NEW CONSTRUCTION right now. There are so many reasons for this current condition of the housing market that it would take a month-long symposium to cover all of it. The "experts" on the economy and housing are far from being correct on their *(see page 27)*

BUILD EASIER, FASTER AND SMARTER: ZIP SYSTEM® ROOF AND WALL SHEATHING



ZIP System roof and wall sheathing eliminates the hassles of using housewrap and felt because the structural panels have built-in protective barriers that provide superior moisture protection for roofs and walls during and after construction. Install the panels, tape the seams with the specially designed ZIP System™ tape, and your job is done. It's just that simple. To learn how you can get ZIPPED-in™, call 800.933.9220 or visit zipsystem.com/bld.

ZIP system™ ROOF & WALL SHEATHING

Go to http://builder.hotims.com for more info
See us at the International Builders' Show, booth N1235

FROM THE CREATORS OF AdvanTech

HUB410-01/09

2009 prediction. Are they confusing new construction with the remodeling segment? One could make a good argument about that segment keeping most of us busy and cash flow positive for the time being. But how long will that last?

Our commercial segment has been doing well, too, but the future work (with regard to bidding, etc.) has shown signs of weakness and there are more bidders than ever on each project. I would have to attribute the commercial slide to the financial industry and the increased difficulty to acquire financing for these projects. Its not uncommon to see lenders require a large percentage of pre-sold units before they approve the construction loans. I started to see this trend a few years ago in our area for the redevelopment projects.

When we purchased our first home several years ago, you needed 20 percent down. No exceptions! What a great feeling to have. We put our hard earned money (that we took years to save) toward our largest investment. We felt *privileged*, not entitled. Would the housing market have flourished over the last decade if these borrowing rules were still in place? If they were still in place, however, we would not be in the predicament that we are in right now. Shame on those who felt they were entitled to own a home with little to no money down, which changed the rules for borrowing well over a decade ago.


BOYCE THOMPSON

In my position as a project manager for a large production builder, I was responsible for reviewing the self-reported income and assets for our prospective buyers and render a decision to sell or not sell. This builder has its own mortgage company and its guidelines for approving these prospects were extremely lenient (almost unbelievable). Its no wonder there are so many of these large builders that are suffering now. They would approve almost anyone just to sell a home and keep the cash coming in (no real money, just paper of course). ...

Construction pros like me are to blame as well. Mostly because I did not speak up or prevent this from happening. We all benefited from this housing boom and watched our investments on land, materials, and labor get larger and larger. The housing market has not corrected itself yet. There needs to be more indictments, bankruptcies, and policy changes before we start to climb out of this deep hole that we are in.

POSTED ON BUILDERONLINE.COM
IN RESPONSE TO BOYCE THOMPSON'S
BLOG POST "ECONOMISTS SEE LIGHT
AT END OF TUNNEL"

A Unique Challenge

HIGH-VOLUME HOME BUILDERS, WHICH all the public builders are, face a unique challenge: The more they grow (in terms of home closings), the more they put themselves at risk (due to their land pipeline requirements). Imagine being D.R. Horton a few years back with 50,000 closings and needing 150,000 lots in the pipeline—just to stay level. For these builders, it becomes an extraordinary debt requirement to achieve growth, regardless of whether it is raw land, bought lots, or a land banking model. The expectation (among shareholders and analysts) of ongoing growth for public builders ultimately sets them up for failure.

RODNEY HALL
POSTED ON BUILDERONLINE.COM
IN RESPONSE TO BOYCE THOMPSON'S
BLOG POST "SHOULD HOME BUILDERS BE
PUBLIC COMPANIES?"

Form and Function

YOUR ARTICLE ["HARDENING THE TARget," BuilderOnline.com] hits points that are near and dear to my heart: the choices people make as to where to build, how to build, and where to live. We have an idea in our society that we must conquer nature rather than coexist with it, and we also believe that we have the right to live wherever we wish to. As long as our policies allow citizens the freedom to build anywhere they want to, places to live, work, learn, and play will continue to be constructed in danger zones: fire, tornado, hurricane, earthquake, flood, blizzard, pollutants, etc. I don't foresee any policy changes coming that will prevent us from building in these zones. *(see page 29)*

To build this collection, we went to the best suggestion box of all. Your job site.



The New Marvin Ultimate Casement Window

Meet the Ultimate Casement Collection, a revolutionary new line that combines the craftsmanship and innovation you've come to expect from Marvin. Inspired by your suggestions, we developed larger sizes and matched them with the industry's most innovative hardware for unrivaled performance. All that combined with easy installation and a wash mode that allows homeowners to clean their windows from inside makes this new collection truly ultimate.



Visit marvincasement.com or call 1-800-241-9450 for a free Ultimate Casement Collection brochure.

MARVIN®
Windows and Doors
Built around you.®

Go to http://builder.hotims.com for more info
See us at the International Builders' Show, booth S6833

What I'd like to see, then, are political and cultural changes that lead us to become more flexible in our ideas about the way a home, school, or businessplace "should" look. Basically, we need to change our values. Currently, the people who are most willing to embrace homes that are shaped "oddly" are considered rebels or free spirits, but some odd shapes, like dome homes in tornado- and hurricane-prone areas, simply make sense. If we are going to allow ourselves to build in danger zones, then our policies should support and promote the building of environments that truly fit the meteorological and tectonic events endemic to a locale.

I believe that we are at the beginning of the path that leads in that direction. As our society becomes more open to green thinking (and gets past the inane greenwashing that is prevalent today), we will naturally want to start building in ways that work with the environment rather than against it. Our aesthetics will then slowly change so that we accept that homes can look different than traditional ones, and that in different regions, buildings will have features that complement local environmental characteristics. Encouraging this change requires cooperation among governmental departments, businesses, organizations, educational institutions, the media, and progressive individuals. Hopefully, one day our society will have a closer relationship with the environment and a better understanding of how to coexist with other elements of our natural world. This understanding will be reflected in new ways of building that complement, rather than compete with, nature.

POSTED ON BUILDERONLINE.COM IN RESPONSE TO TED CUSHMAN'S BLOG POST "HARDENING THE TARGET"

Lessons Learned

ALL THE BUYOUTS DO IS PROLONG THE downturn, reward companies for bad behavior and encourage them to continue their bad practices. We don't need that in home building and we don't need it with mortgages—we don't need it, period. Look at what the banks are doing. Instead of extending credit, they're buying other banks, which is exacerbating the problem, not solving it. We may have failed to learn the correct lessons from the Great Depression and the New Deal—principally, that neither Hoover's actions nor the New Deal solved the problem; they prolonged it. As for the country not having an auto industry, we've been without a competent auto industry for over 40 years now (with brief exceptions). ... If Toyota can make money in this country, American-owned companies should learn how—without help. Let's not repeat that mistake in home building.

POSTED ON BUILDERONLINE.COM IN RESPONSE TO BOYCE THOMPSON'S BLOG POST "WHERE'S THE TALK OF HOME BUILDER BAILOUTS?"

The Greater Good

SUCCESS STORIES OF HOW SUPPLIER collaboration vetted tremendous opportunities to increase efficiency are common outside our industry. Seeking to reduce our supplier's costs by adjusting our processes and policies is *not* a conflict of interest. I recently asked a construction VP whether he would schedule the same way he does today if all the construction workers on his sites were employees. He said, "No way!" If we help our suppliers operate more efficiently, the benefit will be shared by the builder.

POSTED ON BUILDERONLINE.COM IN RESPONSE TO SCOTT SEDAM'S BLOG POST "WASTE MANAGEMENT"

Closer Look

WHILE HOUSE PRICE INDEXES HAVE reported a downward trend in most MSAs, a new house price index I've been following, IAS360 (http://iasreo.com/ias360update.html), has been reporting small gains at the neighborhood and county level. So far, this is the only house price index I've seen analyze at the neighborhood level.

POSTED ON BUILDERONLINE.COM IN RESPONSE TO BOYCE THOMPSON'S BLOG POST "THE NEXT HOUSING BOOST"

DO YOU HAVE A COMMENT OR QUESTION?

E-MAIL DENISE DERSIN AT:
ddersin@hanleywood.com

MISSING LINKS

FEEL FREE TO CONTACT US

Builder®

One Thomas Circle, N.W., Suite 600
Washington, D.C. 20005
Phone: 202-452-0800
Fax: 202-785-1974
URL: www.builderonline.com

To Submit:

- **Letter to the editor:**
  Boyce Thompson, editorial director
  bthompson@hanleywood.com

  Denise Dersin, editor in chief
  ddersin@hanleywood.com

- **Best-selling community news:**
  Jenny Sullivan
  jsullivan@hanleywood.com

- **Business news:**
  John Caulfield
  jcaulfield@hanleywood.com

- **Conference & event announcements:**
  Claire Koltko
  ckoltko@hanleywood.com

- **Construction news:**
  Denise Dersin
  ddersin@hanleywood.com

- **Green building and product news:**
  Denise Dersin
  ddersin@hanleywood.com

- **New product news:**
  Nigel F. Maynard
  nmaynard@hanleywood.com

- **New projects news:**
  Jenny Sullivan
  jsullivan@hanleywood.com

- **Sales and marketing news:**
  Pat Curry
  pcurry@hanleywood.com

- **News and information for the Web site:**
  Denise Dersin
  ddersin@hanleywood.com

For contributor's guidelines:
Sola Ayeni-Biu 202-729-3506

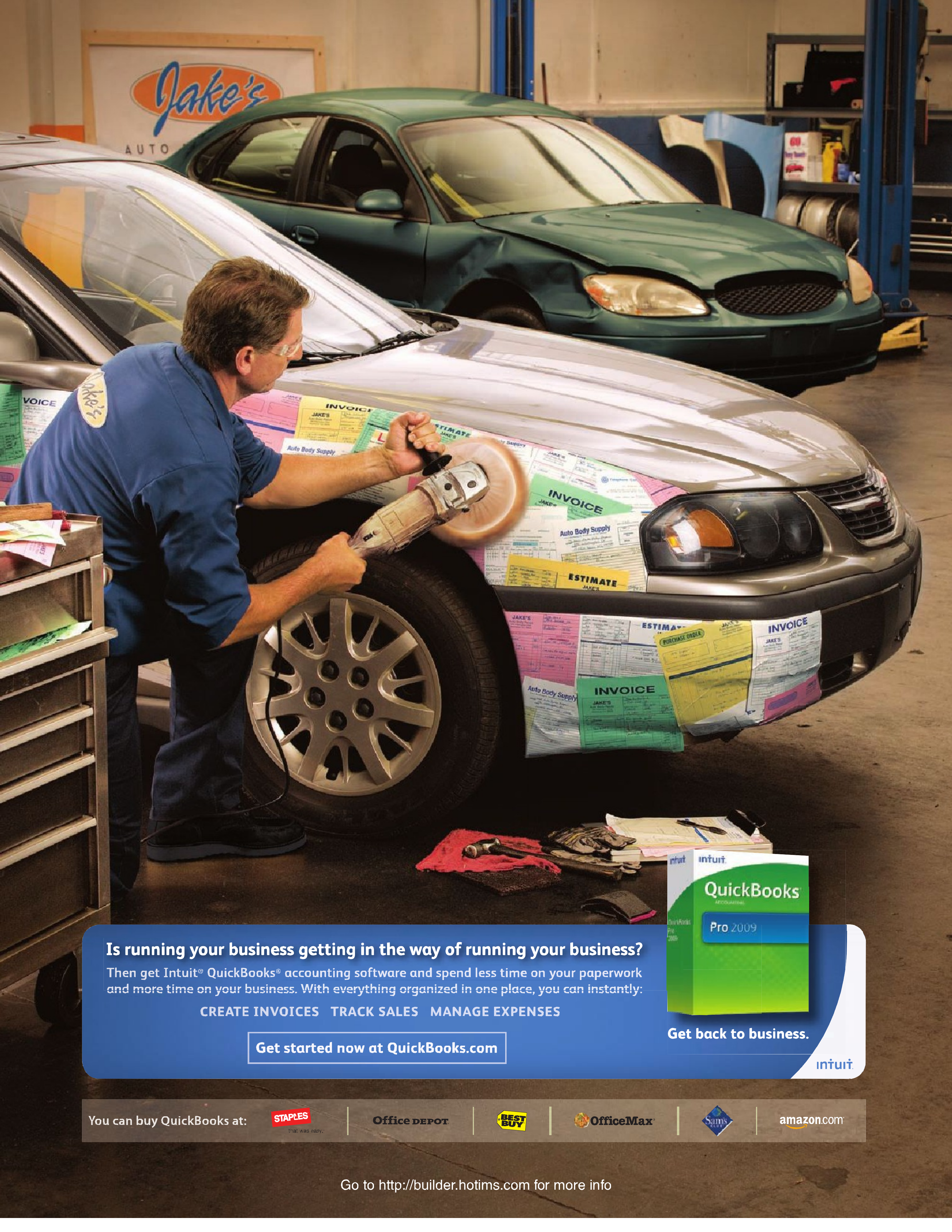
For a copy of the editorial calendar:
Sola Ayeni-Biu 202-729-3506

For a media kit:
Janet Allen
jallen@hanleywood.com

For copyright permission or for reprints of articles:
YGS Group 717-399-1900

For information about house plans:
David Rook 202-736-3421

For subscription information:
888-269-8410


Jake's
AUTO
Is running your business getting in the way of running your business?
Then get Intuit® QuickBooks® accounting software and spend less time on your paperwork and more time on your business. With everything organized in one place, you can instantly:
CREATE INVOICES TRACK SALES MANAGE EXPENSES
Get started now at QuickBooks.com
intuit
QuickBooks
Pro 2009
Get back to business.
intuit
You can buy QuickBooks at:
STAPLES
Office DEPOT
BEST BUY
OfficeMax
amazon.com
Go to http://builder.hotims.com for more info

PCBC PRESENTS

Gold Nugget® AWARDS

Recognizing those who improve our communities through exceptional concepts in design, planning and development.

The 46th ANNUAL GOLD NUGGET AWARDS recognizing builders, developers, architects, and land planners with communities and projects in the 14 Western States and international countries.

Residential and Commercial projects or developments that were open for sale, lease or rental any time after January 1, 2007 located in the following states: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming.
As well as, projects or developments in any international countries of the world are eligible.

For more information or to enter
visit the official website www.goldnuggetawards.com
Call 800-658-2751 or 909-987-2758
ENTRIES OPEN JANUARY 15th

DEADLINES

Early Entry Application Deadline - **April 3, 2009**
Entry fee $250 each

Entry Application Deadline – **April 15, 2009**
Entry Fee $295 each

Completed Submittal Deadline - **April 22, 2009**

The Gold Nugget Awards are a centerpiece of PCBC – Homebuilding's Premier Tradeshow and Conference. Combining the prestige of the awards themselves with the excitement of its Academy Awards-style presentation, these ceremonies feature music, entertainment and the exceptional visual presentation of winners.

PCBC June 17-19, 2009
Gold Nugget Awards – June 18, 2009
Moscone Center – San Francisco

Sponsors include:

Builder

SOUTHERN CALIFORNIA EDISON®
An EDISON INTERNATIONAL® Company

SDGE
Southern California Gas Company
Sempra Energy® utilities

Strength Meets Versatility

Introducing LiteSteel™ beam. A perfect combination of the strength of steel and ease of use of wood.



Basement Beams

Lightweight LSB carries a load equal to other structural beams at a greatly reduced weight. Installation is simple; services can be concealed within its C-shaped profile.



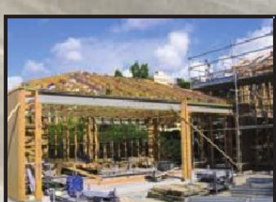
Structural Beams

Our patented cold-forming process gives LSB exceptional structural performance, making it ideal for heavy loads and long spans.



Garage Beams

LSB is easy to specify, handle and install. Design software and technical support are readily available.



Long Span Headers

Perfect for garage doors, French doors, arches and large windows, LSB can be cut on site using standard tools.



Ridge Beams

LSB is easy to connect to wood and other building products with nails, screws and standard connectors.

Simplify your project and your life with LiteSteel beam (LSB®). Available directly from your local pro-dealer, LSB eliminates frustrating delays and saves time and money.

We call it LiteSteel beam for a reason; skip the crane for easy hand placement. LSB is an average 40% lighter than hot-rolled steel beams or engineered wood, but with the same load-bearing capacity. Plus there are no special tool requirements to cut, drill, or fasten LSB. It's just easier to work with—Period.

Specify LSB in your next new construction or remodeling project and get introduced to quicker, easier installation and lower installed cost.



Come see us at IBS booth #S8366

Visit www.LiteSteelbeam.com/builder or call 1-877-285-2607.

LSB LiteSteelbeam®

LiteSteel Technologies America, LLC is a OneSteel Group Company

INSIDE STORY

Inside:

COMMENTARY AND ANALYSIS OF CURRENT EVENTS ■ EDITED BY JOHN CAULFIELD



RICHARD BORGE

URBAN REDEVELOPMENT

Changing Direction

A developer detours to address Philadelphia's affordable housing shortage.

The last phase of the 300-unit The Twins at Oxford Commons project in the Cecil B. Moore Home Ownership Zone in Philadelphia is scheduled to break ground during the first quarter of 2009. This project, partially funded by HUD, had been riddled by mismanagement until OKKS Development took it over as the company's first big deal, which also set this developer on a different path from where it started in 2004.

Bensalem, Pa.–based OKKS initially intended to focus on tax-credit rental projects and assembled a powerhouse team to execute that plan: The two K's in its name are Leonard Korman, one of Philadelphia's largest commercial developers, and attorney Lewis Katz, who co-owns the New Jersey Nets professional basketball franchise. The O in OKKS is Jeffrey Orleans, chairman and CEO of Orleans Homebuilders, and the S is Michael Schurr, a commercial broker who is OKKS's managing partner.

Schurr spent two decades on the commercial side until, in 2003, "I looked at my industry and could not see sustained expansion." He met with Orleans, who was interested in establishing a philanthropic organization to help meet the area's low-income housing needs. Orleans Homebuilders had worked previously with Habitat for Humanity, but was looking for something on a larger scale. Orleans asked Schurr what he knew about affordable housing. "At the time, I hadn't even heard of it," Schurr laughs. Six months later, he was presenting a business *(see page 36)*

plan to Orleans' board for approval.

OKKS launched with about $500 million in capitalization. But Schurr soon saw opportunities to put together financing for for-sale projects that would require minimal direct investment by the new company. Its first deal was a pilot program HUD had started six years earlier. The city of Philadelphia's involvement in constructing the first 149 units of the Cecil B. Moore project ended in federal indictments for misappropriation of funds. Once OKKS entered the picture, "very little" of HUD's $10 million grant was left, recalls Schurr.

OKKS's bid won over six other developers', partly because of its partners' reputations, and partly because of its willingness to return 25 percent of its developer's fee (9 percent of this $30-million-plus development) to the community.

It discarded the city's scattered-lot redevelopment approach in favor of a master plan that required the Housing Authority and other landowners to relinquish real estate. OKKS took nearly three years to assemble land for the remaining 151 units it would build; and in late 2006, it started its first 64 homes, semi-detached townhouses averaging 1,700 square feet. Those homes, which sold out in less than six months, were priced at $82,500 and included a $155,000 soft second mortgage provided by the city. As long as the home remains owner-occupied, that second mortgage self-extinguishes at the end of 15 years.

Last October, OKKS broke ground on the 54 units in phase II, which sell for $110,000 and also provide (see page 38)



GIVING BACK: OKKS is returning 25 percent of its developer's fee to the community and is building 10 percent of its homes handicapped-accessible.

COURTESY OKKS DEVELOPMENT

ASSOCIATION ASSISTANCE

Accentuating the Positive

HBAs work harder to help (and hold onto) builder members.

Directors on the Rhode Island Builders Association's board have had numerous discussions about how their group can improve the plight of local builders. But the scope of any idea is limited by revenue shortfalls caused by the housing recession. "We're down, since '05, 120 members [to 1,380]," says executive director Roger Warren. "Revenue from our home show and health insurance program is down, too."

Market conditions are forcing HBAs to justify their existence by highlighting the value of their educational programs, their advocacy, and the information on housing trends they impart. "We focus on local, county, and state issues for the builders, including big companies that have laid off so many people that they need us more than ever," asserts Irene Porter, executive director of the Southern Nevada HBA in Las Vegas.

Doing more with less has become the standard mode of operation for many HBAs. Membership at the HBA of Illinois, which peaked at 4,900 in January 2007, had declined to 3,800 in November 2008, says executive vice president William Ward. The HBA of Florida saw its builder membership drop 19.7 percent to 6,847 from the end of 2007 through late November 2008; its associate membership also fell 16.7 percent to 9,415. Paul Thompson, the HBA's CEO, budgeted 2009 based on the group having 11,000 total members, although he doubts the dropoff will be that steep.

The New York State Builders Association, which generates more than half of its revenue from services, is emphasizing membership benefits. For example, its manufacturer rebate program returns, on average, $250 per quarter to builders. The group helped create a green building mortgage program and was instrumental in rejuvenating the state's vacant lot tax abatement program. "We are reminding members of the tax benefits they may have forgotten," says executive vice president Phil LaRocque.

State and local HBAs take cues from the national association in Washington, which has enhanced its member services to include more survival toolkits and seminars. The NAHB typically works behind the scenes on behalf of builders, but sometimes its presence is more overt. Last May, it sent president and CEO Jerry Howard and executive vice president of advocacy Bill Kilmer to meet with the editorial board of Cleveland's *The Plain Dealer* at the behest of the HBA of Greater Cleveland. "We came out of that meeting with *The Plain Dealer* agreeing to contact the HBA on any future stories," says executive director Joe Race.

"Builders need us more than ever."—Irene Porter, executive director, Southern Nevada HBA

The NAHB is now urging builder members with more time on their hands to concentrate on professional development through their HBAs. "We want to help them do their jobs better," says Lorraine Urey, director of member services for the Texas Association of Builders, whose recent trade show included seminars on that topic.—*J.C.*


Engineered for superior strength and stiffness.
We've created an incredible link between strong floors and peace of mind, and it all starts with AdvanTech® flooring. Made with advanced resin technology, AdvanTech flooring offers outstanding strength and stiffness to minimize issues with bounce and squeaks for a quiet, stiff floor. And it's backed by a transferrable 50-year limited warranty,* ensuring every new homeowner can enjoy a high-quality floor. For more information on the FLAT OUT BEST™ flooring, visit engineeredtoperform.com/bld or call 1.800.933.9220.
AdvanTech® FLOORING & SHEATHING
Go to http://builder.hotims.com for more info
See us at the International Builders' Show, booth N1235
Visit huberwood.com for product application and other important information. *Limitations and restrictions apply – visit engineeredtoperform.com for details. © 2009 Huber Engineered Woods LLC. AdvanTech is a registered trademark and FLAT OUT BEST is a trademark of Huber Engineered Woods LLC. Huber is a registered trademark of J.M. Huber Corporation. HUB404-01/09
another innovation from HUBER ENGINEERED WOODS

buyers with a soft second mortgage. As of mid-November, OKKS had 40 buyers for phase II, says Schurr. OKKS expects to complete the final 33 units by early 2010. All phases require that 51 percent of the homes be sold to buyers earning below 80 percent of the area's median income, and the rest sold to buyers earning under 120 percent.

"I thought I'd ride in like a White Knight to save communities." —Michael Schurr, managing partner, OKKS Development

OKKS is also in the final construction phase of 50 affordable homes in the Juniata Park section of Philadelphia. This mixed-use brownfield development, called the Twins of Powder Mill, is close to being sold out, says Schurr. His company hasn't abandoned tax-credit rental, but finding viable projects is tough. Philadelphia Mayor Michael Nutter has scaled back his five-year plan for a $15 million affordable housing fund to $6 million. "I don't know how much money will be available for affordable housing," says Schurr, who has also found that some communities simply resist change. OKKS was interested in a 300-unit redevelopment project in Camden, N.J., that "imploded," Schurr says, because of grassroots opposition to the neighborhood's gentrification. "When I got into this, I thought I'd ride in like a White Knight to save communities," says Schurr. "Some people said 'No, you won't.' It was mind boggling."—*J.C.*

SURVIVING THE DOWNTURN

A Simple Plan

Idaho's CBH Homes adjusts its products and outreach to spur buyers.



LESS BECOMES MORE: Corey Barton Homes' decision to offer smaller and less-expensive homes, coupled with aggressive marketing of its inventory, yielded unexpectedly big sales in 2008.

COURTESY COREY BARTON HOMES

Through October, CBH Homes was on track to sell between 800 and 1,000 homes in 2008 and generate more than $150 million in revenue. Sales in the summer alone were up 133 percent over the previous summer. What is CBH doing to produce such numbers? The Meridian, Idaho–based builder's astonishing success stems from just a few timely decisions its executives made a year earlier, when the state's real estate market began tanking.

Oddly enough, CBH's exposure to the housing downturn is greater than most builders' because it builds a lot of spec homes: As of last fall, it had between 350 and 375 in stock. But when business tailed off noticeably in the fall of 2007, Corey Barton, CBH's owner, decided his company needed to offer customers (mostly first-time and move-up buyers) something different. CBH would build simpler homes it could price between $95,000 and $200,000, from a previous range of $225,000 and $300,000. That included reducing the size of its homes to between 899 and 2,500 square feet, from 1,544 to 3,500.

Around then, the company conducted its first "Deal of a Lifetime" sales promotion, which lowered prices on inventoried homes by $30,000 to $70,000. That event drew more than 900 prospects and resulted in 100 sales with virtually no cancellations. CBH resurrected this promotion last October, drawing more than 1,000 people and selling 96 houses.

During the most recent sales event, CBH turned away 30 percent of its prospects because they didn't qualify for a mortgage loan. But the builder stays in touch with customers who don't quite have their financing ducks in a row through its Homebuyers Club, which is tied to its mortgage subsidiary. The club offers educational seminars on topics that might help buyers get to where they could make a purchase.

"People need to be educated about what it takes to buy a house," says CBH's vice president Ronda Conger, who points to one younger buyer who, after signing a contract, blew up her credit rating by purchasing a $17,000 car. The Homebuyers Club seems to be helping, as three of the 15 people who attended a seminar last August purchased a home from CBH in October.

Barton says that, despite its lower pricing strategy, his company made money in 2008. To rein in expenses, CBH Homes centralized its selling offices. Where it used to have a sales rep at each of its 42 communities, it now has Square One sales offices in six Idaho markets, each providing buyers with information on at least 10 communities and 40 to 50 floor plans. "It's a huge reduction in overhead," says Conger. "But we really did it for the customers, to allow them a one-stop shopping selection. It's a buffet."—*J.C.*

GOT AN INSIDE STORY?

E-MAIL JOHN CAULFIELD AT: **jcaulfield@hanleywood.com**


STEP AWAY FROM SEPARATION ANXIETY.
Only from Young Manufacturing
US Patent #4,730,425
If you're worried that humidity changes may cause your return nosing to separate from your stair tread, relax. Young's Moisture Compensating Return® Tread is designed with unique tongue and groove construction and superior adhesion features to prevent separation. No wonder it's the only choice for a gap-free life.
COME SEE US AT IBS BOOTH N3107
All Others
Young's Moisture Compensating Return® Tread
MADE IN USA
This is your assurance of consistent quality, product availability and proven customer service.
YOUNG®
OAK MILLWORK FOLKS
1-800-545-6595
www.youngmanufacturing.com
Go to http://builder.hotims.com for more info

TOPSHELF

THE LATEST AND GREATEST BUILDING PRODUCTS ■ EDITED BY NIGEL F. MAYNARD

Heart of Glass

As part of a growing trend toward large tile sizes, Maracas Glass tile collection now includes large rectilinear sizes and interlocking random brick-joint mosaics. The options include tiles measuring 4 1/4 inches by 12 3/4 inches, 4 1/4 inches by 8 1/2 inches, and 8 1/2 inches by 17 inches. Pieces come in 14 colors and in glossy and frosted finishes. ■ **Cost: $43.50 to $48.01 per square foot. Dal-Tile Corp. 800-933-8453. www.daltileproducts.com.**





Smarty Arty

The Artist Collection is a new limited edition series of door designs and is a nice way to incorporate art into a house. The collection includes original glass designs inspired by colorful botanicals, rugged beaches, and ocean waves. Available in exterior French doors and raised and flat-panel designs, the doors measure 1 3/4 inches thick, 3 feet wide, and come in three heights. ■ **Cost: $1,000 and up. Simpson Door Co. 800-746-7766. www.simpsondoor.com.**

Hot Stuff

Designed for two-bath homes in warm climates, the RTG-66X outdoor tankless water heater is capable of delivering hot water at a flow rate of 6.6 gallons per minute. It offers a lower firing threshold for summertime performance, so it will activate with a hot water demand of only 11,000 BTU per hour. Measuring 23 5/8 inches high, 13 7/8 inches wide, and 8 7/8 inches deep, the unit is also pre-programmed for high-altitude use. ■ **Cost: $1,310. Rheem Manufacturing Co. 479-646-4311. www.rheem.com.**



Level Best

The Wood Magnet instantly transforms any 2-by cut of lumber into a custom level. The unit has a compression-design that fits easily on round or square posts and a cut-out saddle that makes it ideal for horizontal use. Made from high-impact composite, the unit measures 8 ¾ inches long and has a cushioned rubber grip. ■ **Cost: $12. Swanson Tools. 815-469-9453. www.swansontoolco.com.**

(see page 42)





Hold Tight

The Plumb solid steel hammer features a magnet that holds nails in position and a weight-forward design that helps create better balance. Anti-vibration technology in the shaft absorbs shock and reduces fatigue, and a contoured handle band enhances control. ■ **Cost: $21.99. Cooper Tools. 919-387-0099. www.cooperhandtools.com.**



Full Bore

The DareDevil spade bit was designed for electricians, plumbers, and other professionals who want a bit that's fast and easy to use. The key to its performance is a full-cone threaded tip that increases the speed and ease of drilling. Moreover, the contoured shape speeds up chip removal. It's available in a variety of lengths and sizes. ■ **Cost: from $2.56 (individual) and $9.60 (set). Bosch Power Tools. 877-267-2499. www.boschtools.com.**

Lots in Store

Intended for contractors and tradesmen, this new line of heavy-duty truck storage products includes more than 60 boxes. The industrial-grade units are made from .08-inch aluminum and have a one-piece base that increases the overall strength of each box. A fully foamed lid provides an insulated core for strength and rigidity, and an enclosed locking mechanism prevents bending or jamming. ■ **Cost: $399 to $699. DeWalt. 800-433-9258. www.dewalt.com.**



Easy Reader

Engineered to be a precision instrument, the E100 digital level features a shock absorbing system with dual density end caps to help ensure accuracy under rugged jobsite conditions. It comes equipped with a backlight for illumination, an audio beeper (for when level or plumb is reached), and a digital readout that displays degrees, percent slope, and inches/feet. The tool is available in 24- and 48-inch sizes. ■ **Cost: 24-inch, $130; 48-inch, $150. Empire Level. www.empirelevel.com.**



UPlink FOR MORE PRODUCT INFORMATION, VISIT EBUILD, HANLEY WOOD'S INTERACTIVE PRODUCT CATALOG, AT WWW.BUILDERONLINE.COM/PRODUCTS OR EBUILD.COM.

KNOW OF A NEW PRODUCT?

IF YOU'VE TRIED A COOL NEW PRODUCT YOU THINK WE SHOULD KNOW ABOUT, E-MAIL NIGEL F. MAYNARD AT: **nmaynard@hanleywood.com**







Styrofoam SIS



DOWN THE DRAIN: This schematic shows a system that reuses sink water for toilet flushing.

GREEN INNOVATIONS

Promising Plumbing



JAMES LYONS
Senior Consultant
Newport Partners
Davidsonville, Md.
jameslyons@newportpartnersllc.com

COURTESY WATERSAVER TECHNOLOGIES

Q: I am so overwhelmed with the array of plumbing products and systems touting energy savings, water savings, and green messaging. Which options are credible and can actually deliver on their promises?

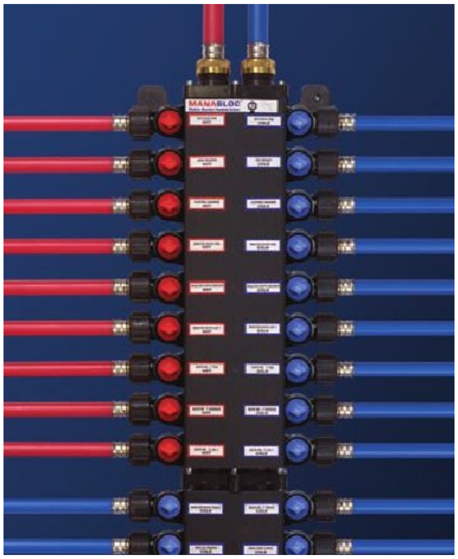
A: Innovations in plumbing can decrease construction costs, save energy and water, and earn points in green certification programs such as the U.S. Green Building Council's LEED for Homes program or the NAHB's National Green Building Program. These innovations run the gamut from piping to fixtures, with several promising options described below.

PIPING MATERIALS

Advancements in the piping materials used in homes can reduce builder costs and benefit the homeowner. With copper prices on the increase, builders should look at switching to cross-linked polyethylene (PEX). PEX has quickly garnered a reputation as a very durable plumbing material because it is:

- flexible—allowing for fewer joints and an easier (and quicker) installation;
- capable of withstanding extreme temperatures;
- highly resistant to chemicals typically found in the plumbing environment.

Flexible PEX piping is also consumer-friendly as it is quieter than traditional piping materials and manufacturers offer color-coded PEX tubing for simple identification of cold and hot water lines. *(see page 48)*



DUALA CTION: PEX tubing is flexible and easy to install—it can be used for both water supply and residential sprinkler systems.



FASTT RACK: Viega manifold with dedicated hot and cold water supply lines allows for balanced pressures and faster hot water.

PEX plumbing can be installed similarly to a traditional copper trunk and branch layout. When used as a straight substitution in a trunk and branch layout, savings are realized in both material costs and labor costs. Belmont Builders in Saratoga, N.Y., recently installed PEX instead of copper in a 2,220-square-foot home, resulting in an estimated savings of $650 in labor and material compared to a similar application with copper.

PEX is available with increased UV protection for jobs where the piping will be exposed to the elements for over six months; it also comes with an aluminum coating that allows it to be form stable, keeping its shape after it is bent.

And a new twist for PEX involves residential sprinkler systems—which will become mandatory under the 2009 IRC for townhouses and single-family houses (effective 2011). PEX systems can be used for sprinkler systems, including multipurpose systems where the tubing serves double duty as both the domestic water supply and the supply lines to the sprinkler heads.

WATER DISTRIBUTION

Flexible piping also lends itself to home-run or parallel pipe configurations in which hot and cold pipes originate at a manifold and service individual fixtures with dedicated supply lines. When used in conjunction with PEX tubing, manifold systems can significantly reduce water consumption. The dedicated lines from the manifold to the fixture—particularly the hot water supply lines—are smaller in diameter for a home-run system, so less water goes down the drain while you wait for hot water at the fixture. Further, these direct lines can be sized appropriately for different fixture types, which results in line diameters as small as 3/8 inch for many fixtures. Not only does right-sizing supply lines save water, but it also reduces materials and costs.

Manifold systems operate much like an electrical system breaker box, with a common location from which all fixtures are supplied. This concept allows the homeowner to easily turn off their water for repairs or maintenance.

With a home-run system, the material costs will sometimes be greater than with a copper plumbing system (due primarily to the cost of the manifold). However, the overall system cost is less than a copper plumbing system due to the significant labor savings. HUD sponsored four field evaluations from 1999 to 2006 that compared the costs and benefits of plumbing products. In all cases, the cost of plumbing with PEX was less than copper plumbing, with labor savings of roughly 50 percent.

Additionally, the more *(see page 50)*

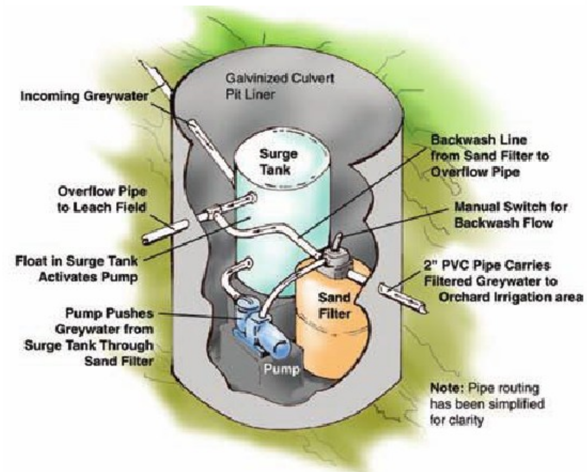


WHAT A CONCEPT: The Concept Home demonstration house features a centralized plumbing core with all wet areas adjacent to it, along with a PEX home-run system and grey-water system in the basement.

PHOTOS: COURTESY VIEGA; RENDERING: COURTESY CHIEF ARCHITECT


Behind your success is our name.
JW
Your reputation. Our reliability. Featuring JELD-WEN® windows and doors gives you a variety of attractive products that turn the houses you build into the homes your customers are looking for. To learn more, call 1.800.877.9482, ext. 11703, or visit **www.jeld-wen.com/11703**.
energy ENERGY STAR
RELIABILITY *for* real life®
JELD-WEN® WINDOWS & DOORS
Go to http://builder.hotims.com for more info
For complete warranty information, visit jeld-wen.com. ©2009 JELD-WEN, inc.; JELD-WEN, the JW icon and Reliability for real life are trademarks or registered trademarks of JELD-WEN, inc. Oregon, USA. All other trademarks are the property of their respective owners.

GREYWATER CULVERT DETAIL



detailed of these studies concluded that the delivery time of hot water to the farthest fixture was cut in half for a PEX home-run system compared to copper trunk-and-branch, and that in most cases, PEX home-run systems maintained a steadier pressure during simultaneous flow events.

SYSTEM LAYOUT

A consolidated plumbing and mechanical system offers both cost efficiencies and homeowner benefits. For the builder, the shorter and more direct systems are more efficient and more affordable to install. For a homeowner, the concentrated pipes free up the floor plan so that it can be configured however the buyer wants without moving ducts or pipes. Shorter runs also mean quicker hot water at the fixture and less heat loss along the way.

A good layout is shown in the Concept Home, a national, LEED-Silver demonstration house recently constructed in Omaha, Neb. Here, all of the wet areas in the house are stacked vertically and adjacent to the home's mechanical core, which holds the bulk of the plumbing and ducts for the entire house in a consolidated area. This layout has the least amount of PEX tubing (saving material and labor cost) and the water travels the shortest distance possible—so the homeowner gets hot water fast and wastes less water waiting for it. Common sense approaches such as a stacked plumbing layout have been around for decades and are especially efficient to use today in combination with modern plumbing materials such as PEX.

GREYWATER SYSTEMS

The plumbing industry has other innovative technologies that may be of interest to builders. Residential greywater systems, which allow homeowners to use water twice before it leaves the home, are now breaking into the U.S. market. Greywater is any water that has been used in the home and is free from waste. Grey-water can be used as supply water for toilets and landscaping; this is particularly useful in arid areas of the country. Greywater systems are considered environmentally preferable because they reduce the amount of water supplied to a building and also reduce flows into treatment plants or septic systems. Greywater represents 50 percent to 80 percent of the waste water volume from a typical home, so the water-saving benefits are significant. One such unit, the Hansgrohe Pontos greywater system, allows water from lavatory sinks and showers to be cleaned and recycled. Following filtration and sterilization, the recycled water is used for clothes washing, irrigation, and supply water for toilets. In addition to saving water, the Pontos unit uses no chemicals in the cleaning of the water.

Michael Chapman of Chapman Homes used a combination of systems in Santa Fe, N.M., in 2000. Because the area has inadequate water resources, both a greywater reuse system and rainwater collection system were installed in an effort to conserve water. The two systems were able to provide irrigation to the homes' landscaped areas (local government water-use restrictions typically prevent homeowners from planting shrubs and trees). The greywater system filters used water from bathroom sinks, showers, and bathtubs and pumps it to a mulched garden area.

On a much smaller scale, the AQUS is a greywater recycling system that captures drain water from the bathroom sink and recycles it for toilet supply water. The system can reduce water usage in a two-person household by 10 to 20 gallons per day, or approximately 5,000 gallons per year. System costs are typically $200 to $300, though with reduced water usage, this cost would pay for itself within about five years—AQUS systems typically last about 10 to 12 years.

TOILETS AND LAVATORIES

Wall-mounted toilets are another innovation in the plumbing industry. Because the toilets are fastened to the wall instead of the floor, they can be set at almost any height. This allows for easier bathroom cleaning and saves valuable square footage since the water tank is held inside the wall cavity. Wall-mounted toilets flush quieter than the traditional toilet and can save water as the toilets provide effective waste removal, which does away with double flushing and clogs. And, when you are looking to set your project off from the competition, these units add a bit of design and style.



HANGING OUT: Wall-mounted toilets create extra space.

GREEN BUILDING CREDITS

Taking all of the above together, how many green building credits can you get with your plumbing system? As it turns out, you can get about 20 percent of all the points you need for certification either with LEED or the National Green Building Standard with a sensible, well-designed plumbing system. The greywater system is probably most appropriate in water restricted areas; however, home-run PEX systems and consolidated plumbing layouts are good bets all over the country.—*James Lyons*

HAVE A CONSTRUCTION QUESTION?

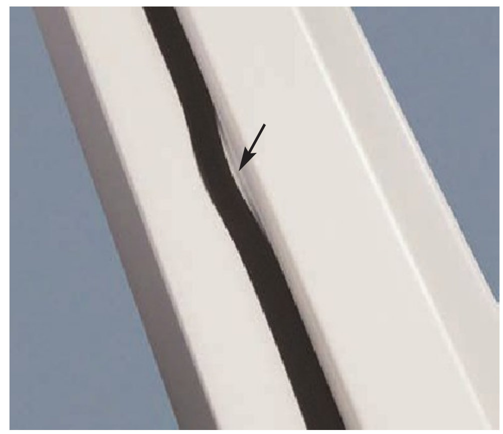
E-MAIL DENISE DERSIN AT:
ddersin@hanleywood.com

RENDERING: COURTESY NAHB RESEARCH CENTER AND HUD; PHOTO: COURTESY DURAVIT





Job-site Installation Problem #1
Failure to thoroughly clean surface of frame leads to poor adhesion of stick on door seal which causes it to separate from the frame. With Timely, you avoid call-backs.



Job-site Installation Problem #2
Poor alignment of the door seal can lead to inadequate performance. Again, with Timely, you avoid call-backs.

Timely's Built-In Door Seal Prevents Job-Site Installation Problems.

Timely introduces a new prefinished steel kerf entry door frame for top performance and economy.

It features a factory-installed door seal that reduces light, sound and smoke transmission and assures a professional installation every time.

The new steel fixed throat kerf frame is ideally suited for entry doors in offices, hotels, light commercial construction, garage-to-house, multi-housing and wherever door seal protection is required.

Effective door sealing isn't the only built-in advantage.

Installed prefinished frame cost is about 30% below primed hollow metal frames. Plus these Timely design features:

- *Door seals are available in beige, black, white, bronze and grey*
- *Prefinished - does away with jobsite painting*
- *6 stocking, 29 custom colors or any other color match*
- *5 casing profiles, or choose your own wood casing*
- *90 minute positive pressure fire rating*
- *Full perimeter anchoring for greater strength*

Look to Timely for superior quality and workmanship that has made us an industry leader for over 35 years.

MADE IN THE USA

TIMELY®
PREFINISHED STEEL DOOR FRAMES
A DIVISION OF S.D.S. INDUSTRIES, INC.

www.timelyframes.com/ahw

Timely Corporate Offices: 10241 Norris Ave., Pacoima, CA 91331-2292 / 818-492-3500 / 800-247-6242 / Fax 818-492-3530
Eastern Distribution Center: 9782 Interocean Drive, Cincinnati, OH 45246 / 513-682-9600 / 800-346-4395 / Fax 513-682-4102
Georgia: 4713 Hammermill Road, Tucker, Georgia 30084 / 770-493-8811 / 800-445-8899 / Fax 770-491-1653

Go to http://builder.hotims.com for more info

See us at the International Builders' Show, booth S8639

Lutron® | total home light control





HomeWorks® International seeTouch® keypad in Satin Nickel—now available worldwide.

build green…save energy* …increase your sales

Lutron has been manufacturing energy-saving products for nearly half a century. Lutron leads the industry in controlling energy-efficient light sources such as LED, fluorescent, halogen and low-voltage.

* New Green setback function allows you to dim your lights 15% and save on your energy costs.

GREEN HOUSE

SUSTAINABLE DESIGN, CONSTRUCTION, PRODUCTS & SALES ■ EDITED BY RICH BINSACCA



SPARKLING GREEN: Good looks, convenience, and location will attract empty-nester buyers, but builder/developer Robert Thornton hopes that preserving natural features will help seal the deal.

GREEN DEVELOPMENT

Raising the Bar

Green communities are providing builders and developers with attractive economies of scale and marketing advantages.

Delaware's new Super Green program sets a higher environmental bar for land use and infrastructure and will reward developers and builders who adhere to the voluntary standards with fast-tracked approvals that may shave two years off the average planned unit development application process.

Builder/developer Robert Thornton, who helped draft the policy, looks forward to applying the standards to the remaining phases of Silver Woods, an approved, 357-unit, 129-acre community in Ocean View, Del. He's already made a commitment to green development by preserving trees and open space and providing nature trails instead of tennis courts, as well as building upper-end empty-nester homes to the current NAHB Model Green Building Guidelines and rating system.

"It's value gained, not money lost," he says of the likelihood that he's sacrificing some parcels to gain faster approvals and also benefiting from larger, more desirable lots. "We may actually get a check at the closing table."

Silver Woods is one of several green developments taking shape across the country. Thornton's project, among the first out of the ground, is selling. Within the first nine months of the first 30-lot release, with house prices averaging in the $450,000s, he's closed on eight homes and has contracts *(see page 56)*

PHOTOS: LEFT: COURTESY SILVER STOCK PROPERTIES; RIGHT: COURTESY MILLENIA WALL SYSTEMS

Inside:

Wonder Wall

Millenia Wall Solutions (www.milleniawalls.com) has devised a decorative segmental retaining wall system that replaces and replicates natural concrete and stone blocks and veneers with 100 percent post-consumer recycled-content. A reinforced, interlocking plastic frame (an evolved CMU design) and polymeric resin front and side pieces molded and colored to replicate four popular stone styles combine for a lightweight, eco-friendly alternative that



earns up to eight LEED credits and won't crack, chip, or decay, according to the manufacturer.

SIPs on Steroids

They've got a weird name, but kama-EEBS insulated wall, floor, and roof panels are SIP sandwiches without the heavy bread. A marriage of light-gauge metal framing and exposed, 100 percent recyclable expanded polystyrene foam, the ▸

system eliminates thermal bridging to enable higher performance in application than other insulated framing assemblies, the



manufacturer says. The design also creates panels that weigh less than standard, wood-sheathed SIPs, mitigating the need for a crane or forklift. For more information, go to www.kama-eebs.com.

Got Green?

The NAHB is calling for exceptional green projects, people, and programs for the 2009 Green Building Awards. New and remodeled homes and entire developments started after June 2007 and substantially completed by December 2008 are eligible. Other categories include green advocates, marketing programs, local governments, and HBA-sponsored building programs. Submissions via e-mail or CD only (to save paper) are due by Jan. 31, 2009. For more information and to download an entry form, go to www.nahb.org/greenbuildingawards.

UPlink

// TO READ MORE STORIES ON GREEN BUILDING, GO TO WWW.BUILDERONLINE.COM/GREEN.

and reservations for eight more, generating about $4 million in revenue.

While the potential for sales in a tough housing market and achieving faster approvals are attractive enough, the benefits of going green beyond one or two houses in a community also include greater control of the parcel's built and unbuilt environment, economies of scale for materials and labor, and a more distinct competitive advantage. "We'll certainly be able to lower hard costs with the type of home and the volume we're building," says CJ Crowell, president of Green Light in Hereford, Ariz., the developer/builder of The Cliffs at Ramsey Canyon, a planned 140-unit townhome project near Tucson, Ariz.

Like Thornton, Crowell sees himself as a steward of the land he's developing, leveraging the existing terrain of the parcel to create a natural rainwater collection system and develop an alternative, off-grid sewer treatment facility while preserving natural features.

Texas builder Don Ferrier, meanwhile, has never dipped his toe into land development, but he's willing to get out of his custom home comfort zone for Rheudasil Farms, an eight-lot enclave in Flower Mound, Texas, near Fort Worth. "It will allow us to control the whole subdivision and create a neighborhood of people with the same eco-goals," he says.

Ferrier is counting on his decades of green building experience and the landowner's edict to build "deep green" homes on the parcel to achieve a steady sales and production pace for homes priced up to $550,000. He'll build to the new National Green Building Standard and LEED for Homes rating system and have each home certified by the NAHB and the USGBC respectively to drive home the point.

He'll also gain some cost and time efficiencies to reduce his investment burden and risk. "Vendors and trade partners love multiples, and we expect some volume pricing as a result," he says.—*R.B.*



CLEAR VALUE: Homes at Silver Woods don't skimp on the finer things. "Green is just one item on the menu," says builder Robert Thornton.

DEFINING GREEN

Consumer Confusion

A recent national consumer survey finds that buyers aren't so savvy in the ways of green building.

Few buyers understand builderspeak, the insider's lexicon of the construction industry, but it turns out they don't know greenspeak, either—at least not the dialect being used by builders and their supply chain partners. "There's definitely a lack of knowledge and trust among consumers about what's required in a green home," says Suzanne Shelton, CEO of Shelton Group, an advertising agency in Knoxville, Tenn., specializing in green and energy-efficient products and services.

The agency's Eco Pulse survey, released earlier this year, indicates that consumers are both overwhelmed by the options presented to them by the housing industry and clueless about what's "required" to create a green-built home. For instance, 82 percent of the 1,005 Eco Pulse respondents thought Energy Star–rated appliances were a required specification, followed closely by water-saving features, high-performance windows, and solar panels. "They think they have to do them all," says Shelton.

To get buyers over their fear, mistrust, and ignorance about green building, Shelton recommends that builders sell a baseline green house with few (if any) eco-options and have their homes rated and certified green by a third-party program not only to qualify them but also to enable buyers to gauge the difference. She also sees knowledgeable green builders becoming trusted sources of accurate green information. "A builder who really knows this stuff becomes a consultant," says Shelton, instead of just a salesperson.

To purchase the Eco Pulse survey and the companion Energy Pulse report, released in October, go to www.energypulse.org or www.sheltongroupinc.com.—*R.B.*

GOT GREEN PROJECTS, PRODUCTS, OR DESIGNS?

E-MAIL DENISE DERSIN AT: **ddersin@hanleywood.com**

PHOTOS: LEFT: COURTESY KAMA-EEBS; RIGHT: COURTESY SILVER STOCK PROPERTIES

SALES STRATEGIES

TIPS AND TACTICS FOR SALES SUCCESS ■ EDITED BY PAT CURRY

SELF-MARKETING

Open House

Attract traffic by hosting events at your community.

ONE OF THE MOST COST-EFFECTIVE WAYS TO DRAW TRAFFIC to your community is to use what you've got—a sales center or a model home—to host events. The goal is to keep a steady stream of people coming through the door and to reinforce the impression that your community is the place to be.

Simply Cinco, the community information center for Cinco Ranch, a Newland Communities development in Katy, Texas, was designed to work as a venue for a non-stop stream of events. The center is located in La Centerra, a mall within Cinco Ranch, and was built with a giant demonstration kitchen, says marketing director Heather Gould.

A series of "Simply Cinco Adventures," held on Thursdays and Saturdays, features demonstrations from chefs in the mall's restaurants, interior decorators from home décor stores, and fashion experts from clothing stores.

"It gives people a reason to stop in and see what's going on," Gould says. "Right now, that's one of the most important things, getting people in the door."

The best part about the adventures is that they don't cost Newland Communities anything at all.

"We're trying to partner with the community around us to leverage everyone's strengths," Gould says. "We give publicity to those vendors. They're happy to come in."

INVITE RESIDENTS

Epcon Communities neighborhoods have hosted everything from dance lessons to dog washes to attract prospective buyers, says Nanette Overly, vice president of sales and marketing services. "We're constantly thinking of things," Overly says. "Our thought is that if it will appeal to our current residents, it will appeal to future residents. We always invite current residents and prospects and invite residents to bring their friends and family."

Overly says builders shouldn't be shy about approaching local merchants for donations of items for cross promotions to increase attendance. For a "Step and Stroll" walking event, Epcon partnered with a local fitness shoe store, which donated a pair of walking shoes for a raffle and provided gift certificates for anyone visiting its store.

Gene Donahue, manager at Weiss Homes' Newbury Pointe community in Osceola, Ind., has used events to help catapult his community into a top producer for the company.

He opens his sales center for a wide range of community meetings including the local Lion's Club and the organizing committee for a bluegrass festival. An adopt-a-pet event, held in conjunction with an area animal shelter and a veterinarian, showcased pets available for adoption and provided pet care advice.

"We invited the local fire and police departments to demonstrate safety to children and adults alike," Donahue says. "In the meantime, we set up a Neighborhood Watch program despite the fact that we are in a low crime area. I sold two homes in a matter of hours off this [Neighborhood Watch] event. One buyer was just stopping through, and the other was out with their Realtor looking at other homes in the area."

INVOLVE VENDORS

Last year, Hubbell Homes in West Des Moines, Iowa, hosted a series of Sunday-afternoon block parties at a *(see page 60)*



MEETING SPACE: Simply Cinco, the information center for Newland Communities' Cinco Ranch in Katy, Texas, builds traffic by hosting local groups, such as this Chamber of Commerce event.

different community every week, offering a barbecue lunch prepared by one of Hubbell's vendors. The Wednesday before the event, Hubbell would invite Realtors and members of the Chamber of Commerce to a luncheon, enticing them with a free lunch and a drawing for a gas card. The block parties were also advertised in the local paper on Friday and Sunday, and invitations were sent to prospects. The final part of the marketing was TV advertising on a local Sunday home show.

Between four and seven homes were open to tour during the events, says Jarad Bernstein with Hubbell Realty. "We have a little passport program where the potential home buyers get a sticker at each house they visit. If the buyer visits all of the homes, they are entered into a drawing for a decently sized gift card to a local electronics and furniture store and other big prizes. We have seen traffic of anywhere from 50 to 175 people, and the program has directly resulted in home sales and lot sales."

Events don't have to be elaborate, though. Gale Communities in Kansas City took a fairly typical event—Fourth of July fireworks—and turned it into a marketing effort. "Residents in one of our communities were going to gather for a community-wide fireworks display already, so we asked if prospective buyers could attend," says Kevin Enyeart, vice president and general manager of Gale Communities. "They agreed and we sold a spec home out of it!"—*P.C.*

Mobile Apps



While it's true that the vast majority of home buyers start their search online, they're just as likely today to search via their iPhone, Blackberry, or other smartphone as they are a desktop or laptop computer. Several well-known real estate Web sites have developed mobile applications to make it easier than ever for home buyers to find their dream homes.

Trulia.com and Realtor.com have mobile applications for smartphones that give users a map of the area with red flags appearing on properties that are for sale, and a list of upcoming open houses. Zillow.com has a mobile browser version of its site that gives buyers—or new-home sales agents doing their competitive research—details on specific properties.—*P.C.*

Multiply Contacts

Marketing has always been a numbers game for new-home sales associates. The more contacts you make, the more opportunities you have to sell a home. To reach the widest segment of your market, Orlando, Fla.–based new-home sales consultant Melinda Brody recommends a "5-5-5-5 per week plan" of marketing to prospects, homeowners, Realtors, and the community at large.

Contact five prospects, five homeowners, five Realtors, and five people in your surrounding community per week, and you'll reach 1,000 people in one year, based on 50 weeks, Brody wrote in a recent article for *Agent Direct News*. "This will definitely improve your traffic count," she wrote, "and if you're good at target marketing, the traffic will be better qualified."—*P.C.*

ONLINE TOOLS

Work the Web

To turn your Web Site into a workhorse, optimization and functionality are critical.

There's no question that a builder's Web site is his top marketing tool for reaching today's home buyer. Here are three tips to boost your Web presence:

Optimize your site. People don't search for a builder's name; they search for "new homes Atlanta." Your goal is to have your site come up at least on the first page of search results, says Carol Flammer, managing partner of mRelevance, an Atlanta-based online and social media marketing firm. The best way to do that is to keep your site fresh and relevant, "not just updating listings," Flammer says. Check your site's tracking report to see what search terms people use to find your site, and make sure the content on your site incorporates those terms. You also want plenty of external links to relevant Web sites. The good news is that if you don't have the skill set to do this yourself, there are plenty of companies that do.



Lose the flash intros. For Internet users without high-speed access, flash intros can take a significant amount of time to load—and we all know how impatient Web surfers are. "Nobody cares," says Brian Flook, president of Hagerstown, Md.–based Power Marketing and Advertising, which specializes in online marketing for home builders. "They were cute five years ago. If you have to have a button that says, 'Skip this,' just skip it."

Plus, Flash applications repel spiders that crawl through Web sites and fetch pages for search engines. Lose 'em.

Give buyers the info they want. Flook says his default position on what information to put on a Web site is "if you have a piece of information, put it on there. ... Give them the square footage and the cost." One thing buyers definitely want, Flook says, is photos of your houses. "Pictures need to be the best they can be. If you have crappy pictures, they think you're a crappy builder. And make them big. And make it so the floor plans are readable." Include addresses for your available homes, "because everyone has GPS now," he notes.

Finally, include an About Us section. "It lets you build credibility for yourself," Flook says. "People need to know you're going to be in business by the time they close."—*P.C.*

(see page 62)

BUYER BEHAVIOR

The Nose Knows

Scent marketing helps connect with buyers' emotions.

Researchers have found that of all the senses, smell is the one most closely associated with emotion. Maybe that's why certain smells can instantly trigger memories of special people and places. And it may also be why new-home sales associates have long been fans of scent marketing, as it's called, to help connect with that very emotional part of the brain.

With nearly 40 years of experience in the business, Dallas-based new-home sales trainer and consultant Bob Hafer can attest to its impact.

"When prospects come into model homes, they may be upset by a recent experience," he says. "When they smell something like a fresh-baked apple pie, they are immediately reminded of a better time. It really doesn't matter what the memory is—all that matters is the smell helps change the mental state the prospect is in. It sounds silly, but it does work."



Hagerstown, Md.–based real estate marketing pro Brian Flook says scents also address one of the realities of having a building that essentially sits vacant.

"Model homes can easily become stale and pick up smells that are less than desirable," he says. "If you have any question that good smells create positive feelings, simply visit a model where a careless salesperson recently microwaved fish. It's an immediate turnoff."

Does it matter what kind of scent is used? Jennifer Ruple, marketing manager for the San Antonio division of Pulte Homes, oversees model homes in 10 communities. She uses plug-in ScentWave systems that dispense the aroma of cookies, which are a popular choice with builders.

"When prospective buyers smell that," she says, "it creates that moment of walking into a home where you're baking cookies instead of walking into a house."

Leigh Tarullo, an Orlando, Fla.–based sales trainer, says she's a "huge fan of signature scents in model homes." When she was a new-home sales manager, she used a variety of scents for several years before settling on vanilla as a standard because she considers it a "homey" smell and one that appeals to both men and women on an emotional level. Like Ruple, she prefers using a service that provides scent machines with refillable catridges over room air fresheners from the grocery store. Besides being comparably priced, "I didn't want to have to rely on the salespeople or cleaning crews to monitor or change out plug-ins," she says. "Plus, we found the scent lasted longer and more consistently through the home with the scent machine."

Of course, scent marketing is only one small element of a sales presentation. "If you succeed at place, product, and price," says Bob White, president of Marietta, Ga.–based Venture Homes, "this is an opportunity to attach a sensory memory point to a visual one."—*P.C.*

They'll Be Back

Don't lose track of the contact information you have for your baby boomer prospects who can't sell their houses right now. When the market rebounds, chances are good that they'll be hot prospects. According to a new survey sponsored by AARP, about one in four baby boom generation households (ages 45 to 64)



expects to move from their current home in the future. About half of those prospective home buyers say they'll be in the market for a newer home than the one they currently own; about the same amount said they'd be looking for a smaller home. Most of them will be looking for single-level living.—*P.C.*

Customized Tours

Here's a great idea for connecting with tech-savvy buyers, courtesy of nationally acclaimed interior designer and model merchandiser Kay Green. She highlighted it in an article on green merchandising tips, but it works well for any home. Invite your prospects to bring their iPod with them. Dock their iPod into your home's sound system—docking stations start at less than $100—as you show them the features of your model for a truly personal presentation that will help them feel right at home. —*P.C.*



GOT A SALES TIP?
E-MAIL PAT CURRY AT:
pcurry@hanleywood.com

UPlink // FOR MORE SALES AND MARKETING STORIES, VISIT WWW.BUILDERONLINE.COM/SALES.

Small Steps

While they're a step in the right direction, lower mortgage rates won't solve the market's foreclosure and confidence problems.

Confirming reports in the media, our recent channel checks indicated that the federal government is contemplating a program whereby the government-sponsored enterprises (GSEs) and FHA would permit mortgage originators to underwrite new-home loans with a 30-year fixed rate of 4.5 percent, which will then be purchased by the government through the GSEs or FHA program. With prevailing 30-year fixed rates at approximately 5.5 percent, the initiative serves as a government-backed mortgage rate buydown, yet another measure being taken to address the root of the financial crisis.

In my view, the government's actions are an attempt to force mortgage spreads closer to historical levels. For example, since November 2007, the spread between the 30-year mortgage rate and the 10-year Treasury has exceeded 200 basis points, which compares to the historical median of roughly 160 basis points. The weekly spread recently peaked at 280 basis points prior to the Fed's decision to directly purchase $600 billion of mortgage-backed securities. While the spread has tightened roughly 25 to 50 basis points since that announcement, it still remains above 200 basis points. As the free market has not reduced the risk being priced into residential real estate via mortgage rates, it appears the government is stepping in to facilitate the adjustment. The proposed 4.5 percent federally backed mortgage rate would be modestly above the 4.25 percent rate implied by historical spreads.

Mortgage contacts were mixed regarding the potential stimulus to be realized from the proposed plan. Those that believe there is pent-up demand in the channel expect the lower mortgage rate to be a substantial benefit to the market. On the other hand, the headwinds of poor credit, lack of existing-home equity, minimal sources for down payments, and near record low consumer confidence may limit the upside.

Confidence of potential home buyers that home prices are unlikely to deteriorate further is the primary factor missing in many markets, as traditional affordability metrics are back to acceptable levels. Unless the government can end the downward foreclosure spiral, I believe that consumers will be unwilling to purchase a home when there exists a high probability that their down payment could be eliminated in a short amount of time by further home price deflation. I do not subscribe to the notion that there is significant pent-up demand in the channel and thus believe that the success of initiatives aimed at lower mortgage rates will be muted in the near term. The fact that rate buydown programs recently offered by some of the national home builders have been unsuccessful in stimulating demand reinforces this opinion.



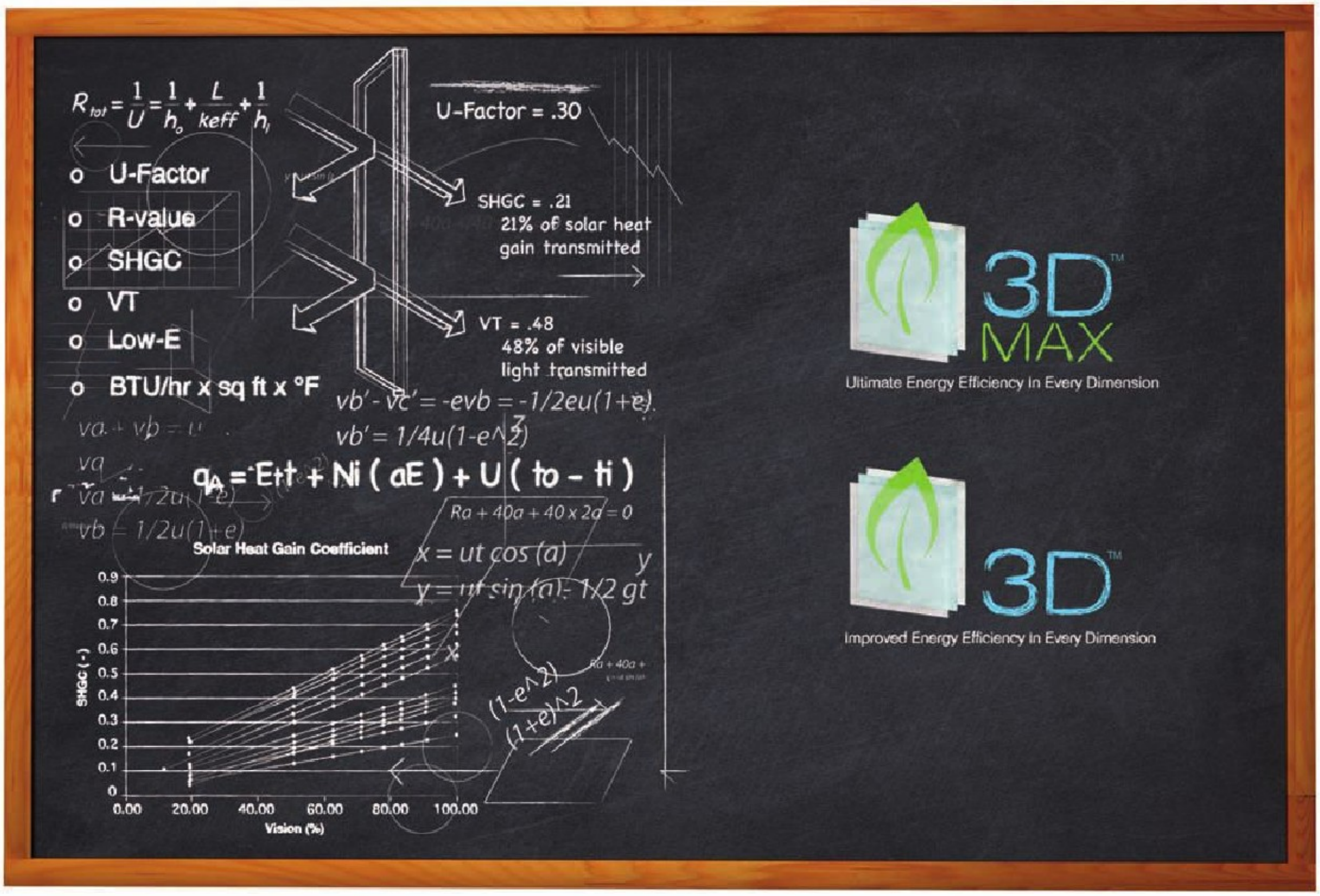
With that said, lower funding costs have to be considered an incremental positive and could further fuel purchases that have been helping to clear excess inventory from the market, largely through the purchase of foreclosures. This improvement is unlikely to halt accelerating defaults and the pipeline of foreclosures, and thus will probably not stop home price deflation in the near term. However, I believe it is a small step toward finding a floor for the housing downturn.

In addition to stimulating demand via lower mortgage rates, members of various government agencies have discussed several aggressive proposals for Congress to consider that are aimed at stemming the ongoing wave of foreclosures.

In my view, a solution to completely solve the foreclosure crisis seems highly unlikely as servicers are unable to overcome many modification impediments including delinquent borrowers that do not return phone calls. Complexities surrounding pooling servicing agreements in non-agency securitizations, second lien holders reluctant to cooperate, and a lack of income to justify modifications are also issues. Furthermore, moral hazard risks are surfacing and the risk of re-default on modified loans is currently running at approximately 35 percent after six months and nearly 60 percent after eight months.

Nevertheless, I expect policymakers to continue their aggressive attempts to reduce incremental foreclosures and pressure the private sector to step up its efforts to supplement several modification programs.

Ivy L. Zelman
CEO
Zelman & Associates
Cleveland
e-mail: ivy@zelmanassociates.com



Our new energy packages are up to 26% more efficient. And compared to others, 100% easier to upgrade.



Milgard has two new energy packages that are easy to understand and easy to sell. Our standard window is ENERGY STAR® qualified. You can also offer our 3D™ upgrade that is at least 10% more efficient and our 3D MAX™ upgrade that is up to 26% more efficient. With Milgard, you don't have to explain components or technical features. Our program simply quantifies the benefits. It's an easy up-sell, and it appeals to buyers who want to optimize the energy efficiency of their home. These packages are available on Milgard fiberglass and vinyl product lines, including the vinyl Montecito™ Series for New Construction. Visit milgard.com or call 1.800.MILGARD.

Milgard WINDOWS & DOORS™

Ease-of-Use Commendation By ARTHRITIS FOUNDATION® www.arthritis.org

Official Ease-of-Use Commendation Recipient.
For more information, visit www.arthritis.org

Go to http://builder.hotims.com for more info
See us at the International Builders' Show, booth C6343

Eber's Law

Builders need to return to operational excellence in order to succeed.

A FEW MONTHS AGO, I WAS CALLED BY A BANKER WHO HAD inadvertently become a home builder. Basically, he wanted to know if a builder could possibly make money going forward in this market. I offered a two-part "problem and solution" that I have repeated now to hundreds of industry people during individual discussions, small group meetings, presentations, and keynotes. Part one says, "From 1991 to 2006, 90 percent of the money made by 90 percent of the builders was realized in two ways—land appreciation and price inflation." I have yet to be challenged on this assertion. All I get are sighs and nodding heads.

I cannot think of one other business with relatively small barriers to entry where the only requirement was to get your product out by any means, then count your profits as the market drove up the values of the biggest component (land) and the sales price. This may have been a unique period in American business history, and we rode the wave to its devastating conclusion. Toward the end of the wave, however, the words of an old mentor of mine 20 years ago, Dave Ebling, kept haunting me. Dave, better known as "Eber," was a straight-talking, chain-smoking scotch drinker with a gruff exterior, big heart, and unique role for one of the largest national builders. When a division president left or was fired, Eber would camp out at the local operation for a few months and pick up the pieces, patching it up until a new team arrived. He had seen it all.

Once, I returned from a field trip and was ranting about the gross inefficiencies in one of our fastest-growing operations when Eber cut me off. "Listen Scotty," he said, "growth and volume cover up a multitude of sins. When the growth stops, you find the baby's ugly." Eber stated convincingly that he had never seen a single exception to this rule. As the consequences of our industry excess have emerged front and center the past two years, Eber's Law has proven out in company after company, industry after industry.

Haunting, indeed. Most analysts project 2010 or even 2011 before we see one million closings again, while changes in the mortgage and funding arenas ensure that except for brief periods in unique markets, we'll never again experience the growth levels of 2000–2005. So what about the two sources of profit cited above? After massive deflation, land prices are beginning to stabilize, but no one expects significant appreciation in the near term. Depending on the pace of foreclosures, house prices may or may not have bottomed, but meaningful price inflation is likewise doubtful. The solution to profits as we work toward a recovery is as easy to say and hard to do as part two of my statement that day to our banker/builder, "Going forward from this crisis, the builders who make money will be those who learn the true meaning of operational excellence."



During the years of unfettered expansion, operations took a back seat to marketing and even more so to finance. It was all about manipulating minds and money. As you might guess, my definition of what operational excellence looks like is quite different from the home building industry standard, and I hope to provoke you by stating unequivocally that 99 percent of home builders don't get it. We had neither time nor patience during the glory years to learn a higher level of playmaking, blocking, and tackling, the kind of consistent execution that produces great product, on time, with little or no waste in the process while leveraging the knowledge of those who do nearly all of the work of our companies—the suppliers and trades. Most of what was understood departed the consciousness of home building in the brains of those who have been retired during the crash. Eber's Law is inviolate. Our baby is ugly. Do we have the guts to learn again how to be good operators? That's exactly what it will take to prosper during the recovery. I can promise you it will be just as painful as surviving the crash with one important difference. Those who relearn the art and science of operations will reap the rewards.

SCOTT SEDAM
CEO
TrueNorth Development
Northville, Mich.
e-mail: scott@truen.com

UPlink //: TO READ MORE FROM SCOTT SEDAM, VISIT HIS BLOG, "THE LEAN BUILDER," AT WWW.BUILDERONLINE.COM/BLOGS/SCOTTSEDAM.



Take a fresh look at the latest styles
K•BIS®
KITCHEN/BATH INDUSTRY SHOW & CONFERENCE
Owned by
NKBA
Heart of the Home
Kitchen/Bath Industry Show & Conference
Show: May 1 - May 3, 2009 • Conference: April 30 - May 3, 2009
Georgia World Congress Center • Atlanta, Georgia
www.kbis.com
Registration Code: KBLDR



PRODUCTS

PRODUCTS AND TOOLS EVERY BUILDER SHOULD KNOW ABOUT ■ EDITED BY NIGEL F. MAYNARD



HEAD COACH: The Coachman Collection of steel carriage-house garage doors now includes a choice of smooth or grooved panel designs and two decorative acrylic window options. A variety of hardware options are also available. ■ **Clopay Building Products. 800-225-6729. www.clopaydoor.com. Booth no. C4609.**

AERIAL VIEW: The Aerial collection of lavatory faucets uses only 1.5 gallons of water per minute, so they help save water. Each WaterSense-certified unit is made from cast brass and features ceramic disk cartridges for durability. The line comes in three finishes and a variety of styles. ■ **Danze. 877-530-3344. www.danze.com. Booth no. N925.**



Taking Stock

There is something for everyone at the 2009 International Builders' Show.

If you've been in the industry for a while, you know that housing slumps happen, the market returns, and things go back to business as usual. Industry veterans who have seen a few downturns say things will be different this time.

When the market recovers, they say, houses will be smaller and better—or they better be. You'll likely see buyers who want and expect better workmanship, higher-quality finishes, and more energy efficiency. The products and features you put in your houses better be practical as well as cool or you might lose the sale. No better place to learn about such things than at the 2009 International Builders' Show taking place this month in Las Vegas. Consider it one-stop shopping for product research.

This year's show will be a mixed bag of home technology, green products, and high-tech power tools. Lutron Electronics, for example, has adopted its automatic commercial shading system to the residential market, allowing home buyers to control shades by remote.

Protecto Wrap and PrimeSource Building Products will introduce new housewrap products to help keep houses dry; CertainTeed's high-density polyethylene waterproofing will provide moisture protection for foundations; and Porter-Cable's circular saws now have lasers and kerf cut indicators to improve the accuracy of your work.

Right now, it's hard to see the forest for the trees, but things will get better. And builders who are more informed will be better prepared for the future. So turn the page for some choice product introductions that can help you prepare for whatever the market throws your way. *(see page 76)*

SHADY CHARACTERS: The 20T extends the manufacturer's commercial Sivoia QED automatic shading system to the residential market. It allows homeowners to quietly and effectively control shades with a handheld keypad. Available in a variety of fabrics, the shades have a 1.25-inch profile and measure 18.5 inches wide. ■ **Lutron Electronics. 888-588-7661. www.lutron.com. Booth no. C4485.**



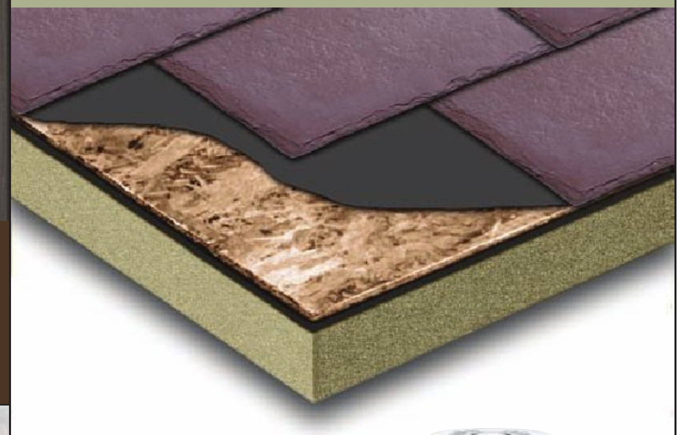


HORIZON LINE: Horizon decking marries high-density polyethylene composites with resilient surface material, resulting in a product that resists scratching and stains. The product also is resistant to splinters, termites, mold, mildew, and decay. It comes in four colors with two choices of wood grain patterns. ■ **Fiber Composites. 704-463-7120. www.fiberondecking.com. Booth no. C4279.**

THAT'S A WRAP: Grip-Rite housewrap is a woven-fabric product that minimizes air infiltration from the exterior but allows moisture to escape the interior. Made of durable and tear-resistant, high-density polyethylene, the wrap offers a high UV resistance and a high perm rating. ■ **Prime-Source Building Products. 972-417-3701. www.grip-rite.com. Booth no. S9100.**



HOME BASE: ENBase is a rigid roof insulation panel that consists of a closed-cell foam core bonded to OSB. Available in various sizes and thicknesses, the product eliminates excessive water migration that may damage roofing systems. ■ **Carlisle Residential. 800-211-7170. www.carlisleresidential.com. Booth no. N2763.**



BRIGHT SIGHT: FlowGuard Glow solvent cement is yellow when applied but glows fluorescent blue under ultraviolet light. It allows contractors to easily inspect CPVC plumbing joints. It emits low volatile organic compounds and sets fast. ■ **Lubrizol Advanced Material/FBC Building Solutions. 888-234-2436. www.lubrizol.com. Booth no. S8133.**





DRIVE TRAIN: The LiftMaster Model 3840 is the manufacturer's first screw drive unit within the Elite Series line. Using a $^{3}/_{4}$-horsepower DC motor, the unit features the EverCharge standby system allowing operation during a power outage and is engineered with variable speed soft start/stop functionality to reduce noise. ■ **Chamberlain Professional Products. 630-279-3600. www.liftmaster.com. Booth no. C4670.**

OFF THE WALL: A waterproofing membrane made from high-density polyethylene, Platon provides moisture protection for foundation walls, basement floors, and under-slab applications. Used with the manufacturer's drainage products, it's engineered to provide soil and wall-side drainage, waterproof barrier, and protection for elastomeric waterproofing on foundations. ■ **CertainTeed. 800-233-8990. www.certainteed.com. Booth no. C4847.** *(see page 78)*



UPlink // FOR MORE PRODUCT INFORMATION, VISIT EBUILD, HANLEY WOOD'S INTERACTIVE PRODUCT CATALOG, AT WWW.BUILDERONLINE.COM/PRODUCTS OR EBUILD.COM.



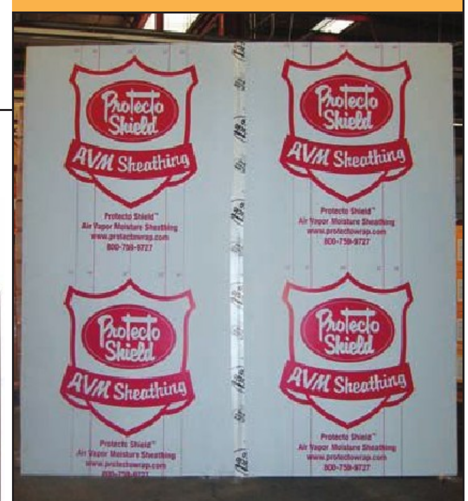
TOP OFF: The manufacturer's new color Top Rail Caps allow builders to add something extra to the exterior of a home. Available in five colors, the vinyl caps can match existing color schemes or they can introduce a completely different look. The Rail Caps can fit over the company's new and existing Sheerline railing applications. ■ **L.B. Plastics. 800-752-7739. www.lbplastics.com. Booth no. N1143.**



WINDOW WATCHER: Solace windows are constructed of fiberglass-reinforced vinyl, exceed Energy Star requirements in all climate zones, and feature a DP rating of 60. Offering 25 percent more viewing area than typical vinyl replacement units, the windows come in 17 color combinations and with options such as between-the-glass blinds. ■ **Owens Corning. 800-438-7465. www.solacewindows.com. Booth no. C4099.**



RIP AND ROAR: This laser-equipped circular saw has kerf cut indicators and integrated laser guides to help improve accuracy on long cuts. Available in 15- and 13-amp models, the saw is capable of producing 5,000 rpm for crosscutting dimensional lumber or ripping plywood. ■ **Porter-Cable. 888-848-5175. www.portercable.com. Booth no. C5419.**





EASY ENTRANCE: SmartCode is an improved keyless electronic deadbolt that allows homeowners to create an everyday access code or a temporary access one for workers or guests. Easy to install, the product fits a standard door, requires no hardwiring, and uses four AA batteries. It comes in three finishes. ■ **Kwikset by Black & Decker Hardware and Home Improvement. 800-327-LOCK. www.kwikset.com. Booth no. C6357.**



LOCK UP: This locking medicine cabinet collection allows home buyers to protect valuables and prescription drugs. Part of the Hampton Series, the cabinets feature a contemporary-style frame, a piano hinge, adjustable glass shelves, and a soft-close door. Units measure 3 inches deep and accommodate wall openings of 14 inches wide by 24 inches high. ■ **Nutone. 888-336-3948. www.nutone.com. Booth no. C5619.**

AIR OUT: Designed to prevent air and moisture infiltration, Protecto Shield sheathing is a pre-laminated air barrier system for exterior waterproofing and weatherproofing. Panels consist of a 4-foot-by-8-foot panel of DensGlass Gold with a 40-mil-thick self-adhering butyl hybrid waterproofing membrane and a tri-layered laminate HDPE facer. ■ **Protecto Wrap. 800-759-9727. www.protectowrap.com. Booth no. C4378.**

GOT A NEW PRODUCT?

E-MAIL NIGEL F. MAYNARD AT:
nmaynard@hanleywood.com

UPlink // FOR MORE PRODUCT INFORMATION, VISIT EBUILD, HANLEY WOOD'S INTERACTIVE PRODUCT CATALOG, AT WWW.BUILDERONLINE.COM/PRODUCTS OR EBUILD.COM.



NKBA EDUCATION: make your mark

Great talent is recognized and remembered because it has left its mark. At the National Kitchen & Bath Association, we bring our members the opportunity to leave their own mark. Our education courses are the industry's gold-standard and cover topics from design to business management, all tailored to help you become a name in your own time. Contact us today for more information on course offerings and schedules.

NKBA™
The Kitchen & Bath Professionals

Call (800) THE-NKBA or e-mail feedback@nkba.org with offer code BD-EO8 to receive 20% off any one of these courses*: • Kitchen Starter • Bath Starter • Kitchen & Bath Krafter • Intro to Hand Drafting

Offer expires 12/31/2008

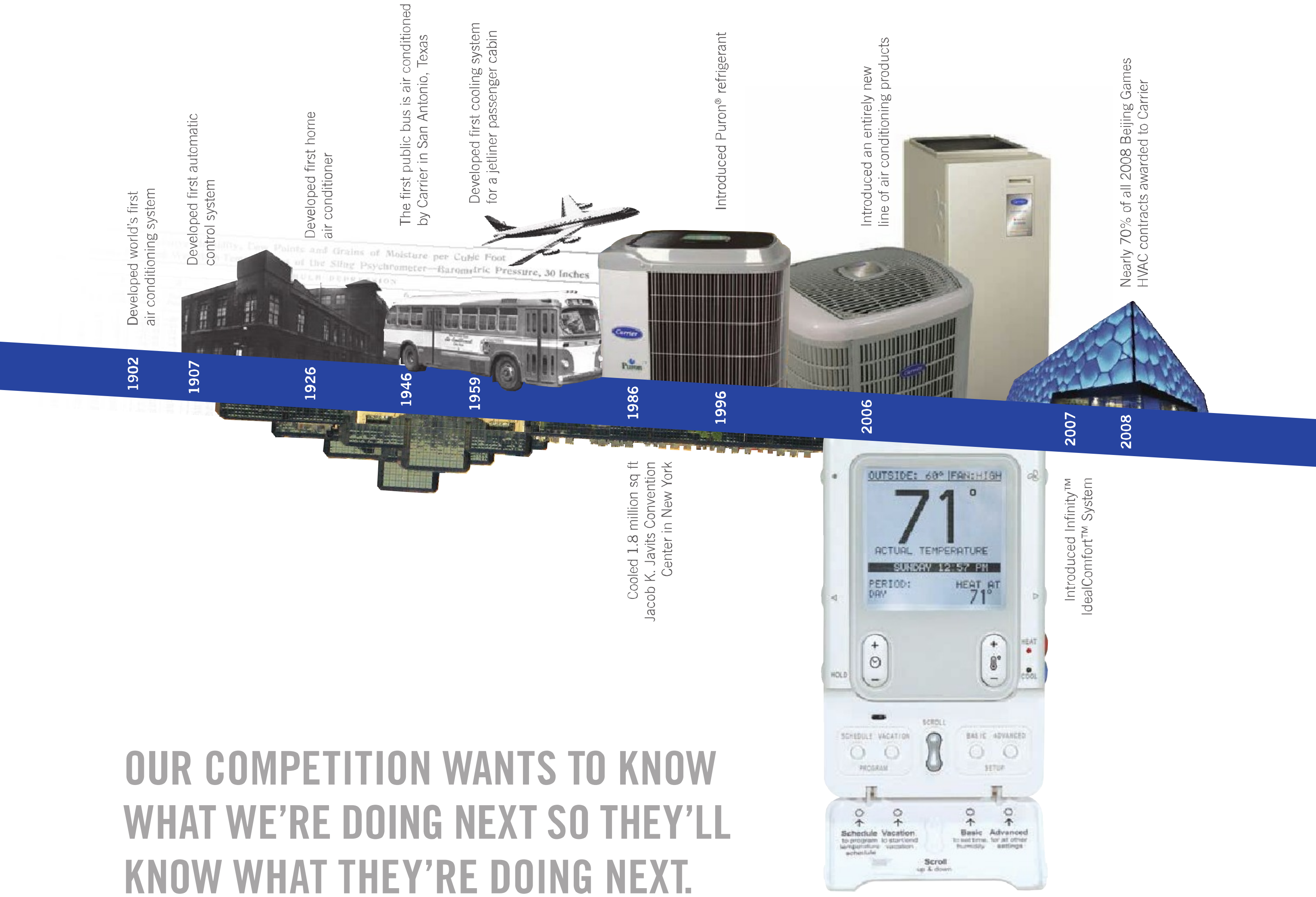
www.nkba.org

ENROLL TODAY

Go to http://builder.hotims.com for more info

See us at the International Builders' Show, booth N2374


conferences
courses
designations
all in one place information
INVESTING IN PROFESSIONAL DEVELOPMENT IS AN INVESTMENT IN YOUR CAREER. The NAHB University of Housing provides you with opportunities to gain information about all aspects of the home building industry. In challenging economic times, you can't afford to stagnate—there are too many people out there with fresh ideas and new energy.
No other source provides you with this broad spectrum of professional development opportunities. Learn, grow and thrive with us. You'll be able to flex more—bend with the economy and the industry—and able to think on your feet and use the knowledge you've gained to move forward even when challenges lay ahead.
VISIT WWW.NAHB.ORG/EDUCATION TO INVEST IN YOUR FUTURE SUCCESS.
invest
learn
thrive
TheNAHB University of Housing
NAHB
National Association of Home Builders
A Service of NAHB
TheNAHB University of Housing
Sponsored by:
Countrywide HOME LOANS National Builder Division
Reach Higher. Work Smarter.



OUR COMPETITION WANTS TO KNOW WHAT WE'RE DOING NEXT SO THEY'LL KNOW WHAT THEY'RE DOING NEXT.

The Carrier legacy is one of innovation. From the moment Willis Carrier first invented air conditioning right up until today, Carrier has led this industry. For example, unlike other manufacturers that are just starting to make the switch to 2010-compliant refrigerant, Carrier already has 10 years of real world experience with our Puron® refrigerant and we've already installed over three million Puron refrigerant units. If you're looking for a partner that can provide innovative solutions and a wide range of products designed to fit any of your needs, turn to the experts.

We Encourage Professionalism
Through Technician Certification by NATE

www.carrier.com
1-866-402-6945

Carrier®
Turn to the Experts.℠

TECHTOOLS

TECHNOLOGY FOR THE MODERN HOME BUILDER ■ EDITED BY DAN DALEY

Gen Y Wants Interface

Learning about the next generation of home buyers would be smart and timely.

THE NEEDS AND WANTS OF THE TECH-SAVVY Generation Y won't find the conventional post-contract personal relationship with their builders to be enough. Just as they want automated technology in their homes, this finicky cohort, aka Millennials, who own millions of bytes of music but have never gone to a record store and who have figured out how to get around phone trees, also want high-tech solutions to manage every aspect of their new homes as soon as the ink is dry on the contract. Builders take note: Gen Y—80 million strong with $1.6 trillion in earning power (source: Robert Charles Lesser & Co.)—will be more than a third of U.S. residents by 2015, a point at which the U.S. economy and home sales should be on the upswing again.

"These buyers will want a 24/7 electronic relationship with warranty and customer services that they can access on their own schedule," says Craig Schweikart, vice president of Builder 360 at Constellation Homebuilder Systems. The company's HomePlate product is a customized Web portal that offers a way to automate customer touch points during construction, closing, and post closing. It also offers long-term service linked to the builder's own Web site, eliminating the need for the builder to create its own individual site. "It transparently stabilizes the pulling of active data from the ERP [Enterprise Resource Planning] and converts it to a customer face in a standardized way. Builder budgets will get a greater return on their IT investment when they select packaged solutions over custom development," he says.

Tool for Tough Times

A Jersey builder digs deep into its IT resources.

TIM SCHAEFFER COMMUNITIES, a custom builder in southern New Jersey, has long been a paragon of integrating IT solutions into its business model. But since the housing crunch has put a full-court press on builders, the company is reaching further into its IT toolkit to weather the storm.

"I've had to cut back in terms of human resources like everyone else," acknowledges company president Jason Schaeffer. "But during that process, we can bring on technology that keeps us on pace and actually streamlines operations."

"We can bring on technology that keeps us on pace and actually streamlines operations."

Tim Schaeffer Communities runs Timberline accounting and estimating for its back-office systems. For sales, it uses Sales Simplicity, and for linking these systems together and driving the critical path of the home building process, the company employs BuilderMT's Workflow Management Suite. Running throughout this infrastructure is BuilderMT's BPM software, acting as a mediator to create unique customizations as needed. For instance, if a dumpster has to be ordered and its cost spread over three subcontractors, the icon-based BPM allows the order to be assembled in a drag-and-drop manner.

"Software doesn't replace people. It eliminates people doing redundant tasks," says Schaeffer.

The next phase of IT buildout is the company's new trade portal, through which all of the builder's 50-plus vendors



will receive purchase orders and scheduling data once they log in. The most recent addition is the ability to attach documentation. "Everything is focused on streamlining, and a well-integrated IT system is the best tool you can have," Schaeffer concludes. **B**

v9.5

Sage Software's Sage Timberline Office Version 9.5 includes new features to help construction firms streamline operations and boost their bottom lines, including enhanced security and Microsoft Vista compatibility. This version also integrates with a broad selection of complementary products offered by Sage Construction and Real Estate Development Partners. The new Field Reports feature provides access to real-time information enabling quick response to changing on-site conditions. Version 9.5 starts at about $7,000.

Quick Tricks

Intuit's QuickBooks 2009 features some international tools for an increasingly global economy. It now supports and converts all international currencies, and users can connect directly to Intuit's international payment



service to process wire transfers and drafts within the software. Intuit QuickBooks Accounting Premier Edition retails for $399.95.

DO YOU HAVE A TECH STORY?

E-MAIL DENISE DERSIN AT: **ddersin@hanleywood.com**

KEYSTONE PROJECT PROFILE
McCann Residence





Application: Residential

Challenge: Landscaping a site that sloped more than 60 feet from boundary to boundary, and make the solution fit seamlessly with the new home and the Rocky Mountain backdrop.

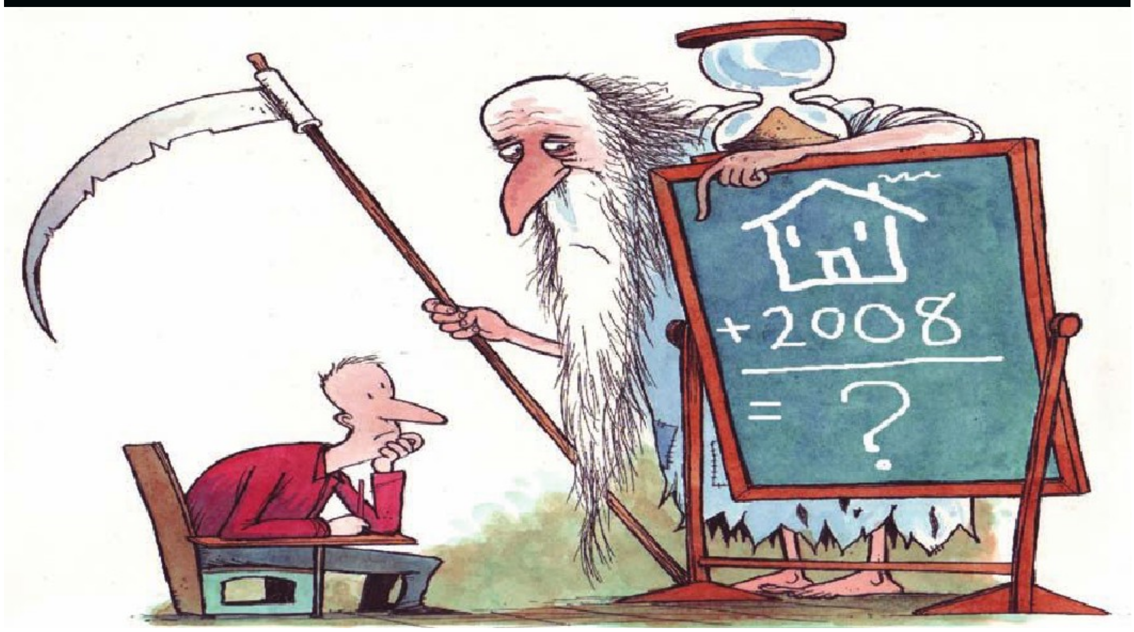
Solution: Keystone Country Manor® walls that wrap the perimeter of the property, periodically accented by pilasters and columns.

Details: Keystone Country Manor® is a pinned,multi-piece retaining wall system that can create freestanding walls, curves, corners, stairs, pillars, and more. This project also includes a custom iron fence that lines the top of the Keystone Country Manor® wall.

For more information on Keystone Country Manor® and other innovative Keystone products, please visit our website at www.keystonewalls.com.

NATIONAL BEAT

NEWS FROM HOUSING'S GROUND ZERO ■ EDITED BY CLAIRE KOLTKO

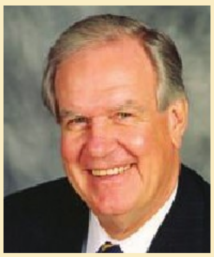


DAVID CLARK

NAHB BRIEFS

Remem-brance

Donald D. Martin, who served as president of the NAHB in 1998, died on Dec. 3 at the age of 74 after suffering a stroke. Martin was a second-generation home builder whose company, Martin Development Corp., operated in Albuquerque and Santa Fe, N.M. The son of a custom



home builder in Lamed, Kan., Martin built more than 9,000 homes during his career. While president, he led the association's successful effort to increase the loan limits of the FHA and expand homeownership opportunities.

Fight for Financing

Home builders with outstanding construction loans are reporting that they are having to stop work on new housing developments and are losing sales as the result of failed banks and thrift institutions being taken over by the FDIC. "Builders with outstanding loans that are placed under FDIC control are frequently unable to contact a decision maker to deal with routine but ▶

FROM THE CHAIRMAN

Hard Learned

After a bad year, there are a few lessons the industry can take away from 2008.

If you had asked me a year ago about my expectations for housing in 2008, I probably would have said that it was going to be very challenging, but that the housing market would begin a modest rebound late in the year.

Little did anyone know then that the economy was already in a recession and that 2008 would see the worst housing market—and the worst economic turmoil—since the Great Depression.

The economy and financial markets experienced a near-fatal meltdown requiring extensive government intervention; at times last fall, it seemed that hardly a day went by without a major institution failing or calling on the federal government for significant financial assistance.



SANDY DUNN
CHAIRMAN OF THE BOARD, NAHB
WASHINGTON, D.C.

In the housing market, circumstances were particularly bleak. Foreclosures rose to record levels, home values dropped in most markets, and builders nationwide confronted a serious ongoing credit crunch. Housing starts fell to the lowest level since 1945. The NAHB's own Housing Market Index, which measures builder sentiment about the housing market, dropped into single digits to the lowest level ever reported.

Against this complex backdrop, the NAHB has worked—and continues to work nonstop—to bring relief to members. Just the short list of our activities includes intensive lobbying for decisive legislative action, extensive ongoing contact with key regulators, developing *(see page 90)*

new products to help builders sell homes, providing educational programs addressing current market conditions—the list goes on and on. Our energies are always focused on helping members survive in the toughest market we have ever experienced and on doing everything possible to stabilize the housing market and get it back on its feet.

At this point, it is virtually impossible to predict with any accuracy what will happen in the housing market in the near future. Instead, I'd like to share with you some of the things that I've learned during the past year.

First, it is extremely important for an industry to have strong representation in Washington. There's no question that the past year has been brutally harsh for home builders. But it would have been infinitely worse without the NAHB's constant efforts on behalf of our industry with regulators and with elected officials on Capitol Hill.

It's also important for an industry to have a strong association to provide resources and support when times are tough. From telephone seminars on timely topics to weekly news updates and marketing materials to help sell homes, the NAHB provides the resources and services that members need.

I've learned, too, that home builders are remarkably resilient in the face of enormous odds. Despite suffering from the impact of a broken economy, the turmoil of the financial markets, and a largely unjustified credit crunch, home builders remain committed to their important purpose—housing America.

Finally, I've learned that it's important to keep your eye on the big picture. As I mentioned, home builders are extremely resilient. Our industry has weathered bad storms before, and we will again. But looking at the market over the long term, the U.S. is definitely on a growth path. Our population will rise by about 35 million over the next 10 years, and all of those people will need places to live.

The bottom line is that once we turn the corner on the housing downturn, the longer-term housing outlook is promising. And that's good news to an industry that has heard far too little good news over the past year. **B**

THE NAHB RESEARCH CENTER CORNER

Survey Says

A new product review panel is now available from the NAHB Research Center.

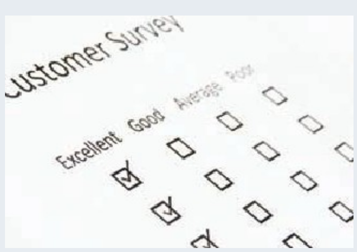
A PANEL OF LEADING HOME builders on the forefront of innovation has been assembled by the NAHB Research Center to obtain customer feedback on new products and services still in development. This new Product Review Panel is a quick, cost-effective benefit to manufacturers and developers who want a reality check on the merits of their products or concepts before undertaking further development.

Initially, a sponsoring manufacturer or developer decides how many home builders should be on the panel to obtain the best results. This could range from 20 to 100 participants. The sponsor also sets the geographic or demographic criteria for the reviewers.

A detailed description and any relevant drawings of the new product or service are then submitted to the Research Center, and a panel is invited to participate. An open-ended questionnaire is posted on the Research Center's Web site.

As potential customers, the home builders review the description and drawings of the new tool, machinery, equipment, or service and provide feedback. When the desired number of reviews is received (typically within a week), the panelists' comments are checked for completeness and forwarded to the sponsor.

As a result, the producers receive insight on possible product refinements and market strategies prior to spending time and money on extensive development.



The questionnaire, based on the Research Center's experience in new building product commercialization, usually contains 10 questions on topics such as:

- problems solved by the new product or service;
- likelihood of market acceptance;
- possible design improvements;
- potential code issues and barriers;
- acceptable pricing;
- most favored applications of the technology; and
- tips for marketing, distribution, installation, and support.

Panelists must maintain confidentiality for the product or service they are reviewing. The Research Center pays panelists a fee each time they participate.

Contact the Research Center for additional information at 800-638-8556 ext. 6310.

NAHB BRIEFS

time-sensitive matters related to loan draws or extensions," NAHB president and CEO Jerry Howard said in a Nov. 20 letter to FDIC chairman Sheila Bair. In his letter, Howard praised the efforts of the FDIC to limit mortgage foreclosures, but noted that housing production loans are now experiencing the same severe stress afflicting the home mortgage credit sector.

Priority No. 1

Leading one of the largest coalitions of housing advocates ever assembled in the U.S., the NAHB is pushing for a housing stimulus plan that will stabilize the marketplace and address the ongoing crisis in the financial markets that is constraining the flow of credit the nation needs to arrest a deepening recession. Almost 100 organizations, home building



companies, and manufacturers have joined in support of Fix Housing First, which is pressing for legislative action to provide short-term, targeted incentives that will encourage consumers to buy homes again and end the dangerous downward housing market spiral that has now taken hold of the entire U.S. economy.

A U T O M A T I C   H O M E   S T A N D B Y   G E N E R A T O R S



Every home can be generator ready.

Good for your customers. Better for you.

Set yourself apart from the competition.
Build every home generator ready.

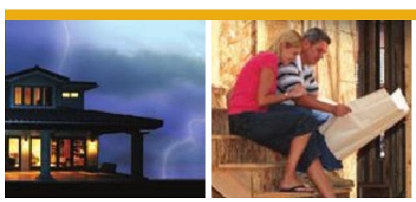
Ensure your new homeowner has the backup power needed for protection during a power outage. Generac Guardian Series automatic standby generators provide peace of mind 24/7. From a broad range of sizes to our GenReady™ load center, the opportunity to offer Generac products means security for your customers and more profits for you.

1-888-GENERAC • generac.com

Go to http://builder.hotims.com for more info



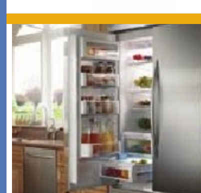
GENERAC®



Learn more about rebates offered through our turnkey Builder Alliance Program™.

JOIN TODAY!

builder.generac.com



* See IBS booth for complete details.
Winner receives up to 50 Model #5499 units.



"I build Radon Resistant"
Fuad Reveiz, Member of the National Association of Home Builders
Celebrated Former Football Placekicker
Building healthier homes starts from the ground up. Learn how you can help save lives by building radon out. It's easier than you think. Sox it to radon and step out on the green side of building healthier.
www.epa.gov/radon
HEALTHY & living GREEN
EPA
Go to http://builder.hotims.com for more info
See us at the International Builders' Show, booth N1373
This information is provided as a public service to help protect our environment and public health.
EPA does not endorse this particular builder or any other commercial service or enterprise.







Field Report

Recent surveys reveal urgent action is needed to stop the housing industry's downward spiral.

Surveys of builders conducted by the NAHB in November and December reveal seriously weakening patterns of market activity that are bound to extend into 2009. These patterns, along with signals from builders that the key housing stimulus measure enacted last year is providing precious little benefit, further emphasize the urgent need for new federal policy supports for the beleaguered housing sector.

FROM THE FIELD

In November, the NAHB surveyed more than 400 single-family builders about their plans for the first half of 2009 and their assessments of the key problems facing the housing market. With respect to building plans, the survey results implied a downshift of roughly 17 percent in single-family starts from the second half of 2008 to the first half of 2009, close to the rate of contraction shown in the NAHB's current forecast.

When asked about key problems and issues currently facing the housing industry, 98 percent of respondents to our November survey cited consumer concern about the economy, nearly double the frequency found earlier in 2008. Nine-tenths of builders also cited the inability of prospective buyers to sell their existing homes, and an equal proportion cited negative media reports about housing. Three-fourths of respondents cited tight mortgage lending standards in November, up from only one-fourth recorded in similar surveys conducted during the first quarter of 2008.

We followed-up on home mortgage issues in our December survey of builders, asking about the impacts of tighter lending standards on recent home sales as well as the impact of higher foreclosure rates on builder sales volume during the preceding month. Sixty-five percent of respondents said that tighter mortgage lending standards had forced down sales volume during the past month, the highest frequency of the year. Fifty-five percent of builders said higher foreclosure rates had disadvantaged their sales during the past month, also the highest frequency of the year.

Builders continue to battle back against weakening demand conditions, but it's clearly an uphill fight. Our December survey showed that a record 72 percent of builders were cutting prices, and the frequencies of major nonprice incentives also climbed to record highs. In order of importance, the nonprice incentives ranked as follows: include optional items in homes at no cost (69 percent); pay closing costs or fees (60 percent); and absorb financing points for buyers (43 percent).

However, when asked about the success of these incentives, only 13 percent of builders said their price cuts were "very effective" in bolstering sales or limiting sales cancellations, and the various nonprice incentives got even lower scores.



POLICY FRONT

The Federal Reserve is quickly running out of ammo on the monetary policy front. The Fed still can unleash its liquidity policy arrows to improve the functioning of financial markets and to influence rates paid by the private sector on certain types of credit at various maturities. The Fed has already been able to reduce conventional home mortgage rates by committing to buy large amounts of government-sponsored enterprise (GSE) debt and mortgage-backed securities, and the Fed could decide to exert more downward pressure in 2009.

Even if the Fed pursues such efforts on the mortgage rate front and even if the Treasury gets into that game, Congress and the administration will need to take strong steps to help spur home buying in the near term. In the NAHB's December survey, no builder felt that the temporary $7,500 refundable but repayable tax credit for first-time buyers that was enacted last July would have a significant impact on home sales.

A much stronger tax credit is needed to spur home sales in the seriously deteriorating economic environment, and the fiscal stimulus package now under development in Washington should include a sizeable credit that's available to all home buyers in 2009 and that doesn't have to be paid back to the Treasury. Policymakers also should maintain the current FHA/GSE loan size limits beyond their scheduled expiration at the end of 2008.

David Crowe
Chief Economist
NAHB
Washington, D.C.
e-mail: dcrowe@nahb.com



ANSWERING THE CALL: Joe Robson is eager to work with the new administration to revive housing.

NEW LEADERSHIP AT THE NAHB

The Activist

Joe Robson of Oklahoma sees himself as a unifier.

BY JOHN CAULFIELD

As founder and president of The Robson Cos., a developer based in Tulsa that was Oklahoma's Builder of the Year in 1994, Joe Robson is well acquainted with issues that builders large and small grapple with every day. And as the NAHB's incoming chairman for 2009, Robson brings more than 30 years of community and association activism to a job that faces the daunting task of leading an industry in turmoil.

The soft-spoken, 54-year-old Robson arrives at his new post just as a new administration enters the White House. Robson is confident that builders can and should play an important role in helping a new president and Congress find solutions to repair the economy. "I am excited about this year," he tells Builder. "In one way, we're part of history because we will play a part in rewriting the whole financial system."

Robson first got involved in his local HBA in 1976 and has held several positions with the national association since becoming a board director in 1990. Robson's résumé includes a stint as director of the Federal Home Loan Bank of Topeka, Kan.; director of local and state Chambers of Commerce in Oklahoma; a member of the Oklahoma Judicial Nominating Committee; and chairman of the Tulsa Area Command of the Salvation Army.

HOW DID YOU GET INTO DEVELOPMENT?
I've known I wanted to be in real estate since I was in high school. I grew up on a cattle ranch east of Tulsa and had an uncle in the commercial development business. I went to SMU [Southern Methodist University] because it was one of the few colleges at the time that had a real estate program. When I graduated, I got into commercial real estate brokerage working with local land developers for six years. In the early 1980s, I took over a development company my family had formed that owned 80 acres that had been sitting idle for a decade. The development was called Oaklane.

WHEN DID YOU START YOUR BUSINESS?
When I formed Robson Cos. in 1986, I bought out other family members who were tired of being in the development business. At the time, I did everything: made all of the sales calls, met with all of the planners.

Then in 1988, I developed and turned a 1,000-acre ranch into a master planned community in Broken Arrow, [Okla.], called Forest Ridge, which included a daily-fee golf course. At the time, Tulsa was underserved by public courses. Homes in Forest Ridge are priced from $180,000 to close to $1 million. We are now primarily a land developer but have *(see page 100)*



REBUILDING THE FRAMEWORK: Joe Robson takes over as the NAHB's chairman at a time when many of its members are struggling to survive a withering recession.

also had a home building company, where we built about 15 homes per year.

YOU LAUNCHED YOUR BUSINESS AS THE OIL INDUSTRY IN OKLAHOMA AND OTHER OIL-PATCH STATES WAS SLIDING INTO A DEEP RECESSION. ARE THERE ANY LESSONS YOU LEARNED FROM THAT EXPERIENCE THAT YOU THINK OTHER BUILDERS MIGHT APPLY TO TODAY'S ECONOMIC SITUATION?

What we went through then is what the rest of the country is going through now: Home values fell 40 percent to 50 percent; banks were calling in performing loans. And then, in the '90s, we had to deal with the credit crunch and FIRREA [the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, which established the Resolution Trust Corp. to close insolvent banks and pay insurance to depositors]. We were competing with people who were buying assets for cents on the dollar.

A big part of what I did at the time was to get involved with the local Chamber [of Commerce] and other businesses to retool and diversify the economy. And one of the things I'm pushing now to regulators and anyone else who'll listen is, "Let's not make the same mistakes again." The biggest mistake was not working cooperatively with [builders and developers] who had their life savings in a project. We need to have the patience to keep these people in business because, essentially, we lost an entire generation of builders.

WHAT GOT YOU INVOLVED WITH BUILDER GROUPS?

Right out of college, in 1976, I joined Whiteside & Grant Realtors, a commercial real estate brokerage firm, which had a membership in the local HBA and needed a rep. For me, that was a perfect fit because I got to meet a lot of builders and developers, so my involvement started out as a networking opportunity.

I remember an effort by the city of Tulsa to do growth boundaries, which was quite controversial at the time. The HBA took the lead in defeating that measure, and I was impressed with the clout it had. The NAHB is always active on national issues, but on a local level it is powerful as well. In my experience, the greatest influence HBAs can have is working to get the right people elected who think like we do.

YOU'VE CHAIRED THE NAHB'S POLITICAL ACTION COMMITTEE, BUILD-PAC, AND ITS REGULATORY AND LEGISLATIVE TASK FORCES. WOULD IT BE FAIR TO SAY THAT YOU LIKE WORKING ON THE POLITICAL SIDE OF THE FENCE?

I've always been something of a political animal. I first got involved in city council and mayoral elections, and worked for Jim Inhofe when he ran for Tulsa's mayor. [Inhofe went on to become Oklahoma's senior U.S. senator.] Inhofe is my wife's uncle, and I went to high school with his mayoral chief of staff.

WHAT DO YOU THINK YOU BRING TO THE JOB AS THE NAHB'S CHAIRMAN?

Knowledge of the political process and diversity of experience. And because I've worn many hats—builder, developer, banker, community volunteer—I am able to tell stories from a lot of different angles. I'd say my approach is no nonsense, not a lot of frills, just get in and get the job done. I see myself as a unifier and motivator.

AS THE NAHB'S CHAIRMAN, WHAT'S YOUR FIRST ORDER OF BUSINESS?

That's obvious. We have a new administration and a new Congress, although we know the leadership well. I want to make sure that we're heard. Everybody has his hand out right now, but everyone keeps saying that what we need to do is fix housing first. The message we'll be making is that to stop the bleeding, we have to stop prices from falling and get rid of the [inventory] overhang by doing things that will help reduce foreclosures.

WHAT ARE OTHER INITIATIVES YOU'LL FOCUS ON AS CHAIRMAN?

I want to continue our political commitment and make the NAHB as strong as it can be. Looking at larger goals, though, is tough when you have a new [chairman] every year. That is why we are working to build a team approach and work more corporately, so we can tackle the larger and more long-term issues our industry faces. **B**

AT A GLANCE

- **Name:** Joe Robson
- **Title:** Chairman, NAHB
- **Company:** The Robson Cos., Tulsa, Okla.
- **Years as a builder/developer:** 32
- **Type of homes built:** From first-time move up to luxury
- **Priorities:** Work with the new administration toward a housing recovery; strengthen the NAHB politically.



Give your customers a brand they can trust

There's no need to compromise when it comes to the quality of the home elevators you install. Instead, you can offer homebuyers the very best.

An Otis home elevator assures both you and your customer of…

TWO YEAR 2 WARRANTY

Exceptional reliability. Our home elevators meet the same rigorous standards expected of Otis products for business and industry. They're also backed by an outstanding two-year warranty.

Maximum safety. Otis home elevators come with commercial-grade hydraulics, heavy-duty construction, and unsurpassed safety features.

Superior performance. You can choose Otis with complete confidence. All our elevators are 100% pre-tested to assure a smooth, comfortable, quiet ride *every time*.

Contact us today. Discover for yourself why our home elevators give builders an important advantage in today's competitive economy.

OTIS *at home*

Part of the OTIS Family of Elevator Companies

2801 Township Line Road, Hatfield, PA 19440-0500
1-800-962-3626 215-799-2900 Fax: 215-703-0343 Email: home.elevator@otis.com

VISIT US AT THE INTERNATIONAL BUILDERS' SHOW
Booth #S8749 • January 20-23, 2009 • Las Vegas, Nevada

Multi-Point Locking Systems

Make Performance A Standard.

PERFORMANCE STANDARD

Too many options?



Endura Multi-Point Locking Systems work with ANY hardware.



By combining the renowned Ultimate Astragal Sealing System with the additional strength of a multi-point locking system, Endura has created an unbeatable yet cost efficient Multi-point Locking Astragal. The locks throw from the astragal into the active door when the deadbolt is activated. Easy to install, easy to operate. NO limits to your choice in hardware. **ENDURA. Make Performance a Standard.**

1 800 334 2006 www.enduraproducts.com

Endura

Preview the NEW Multi-Point Locking System at IBS, Booth C4665.

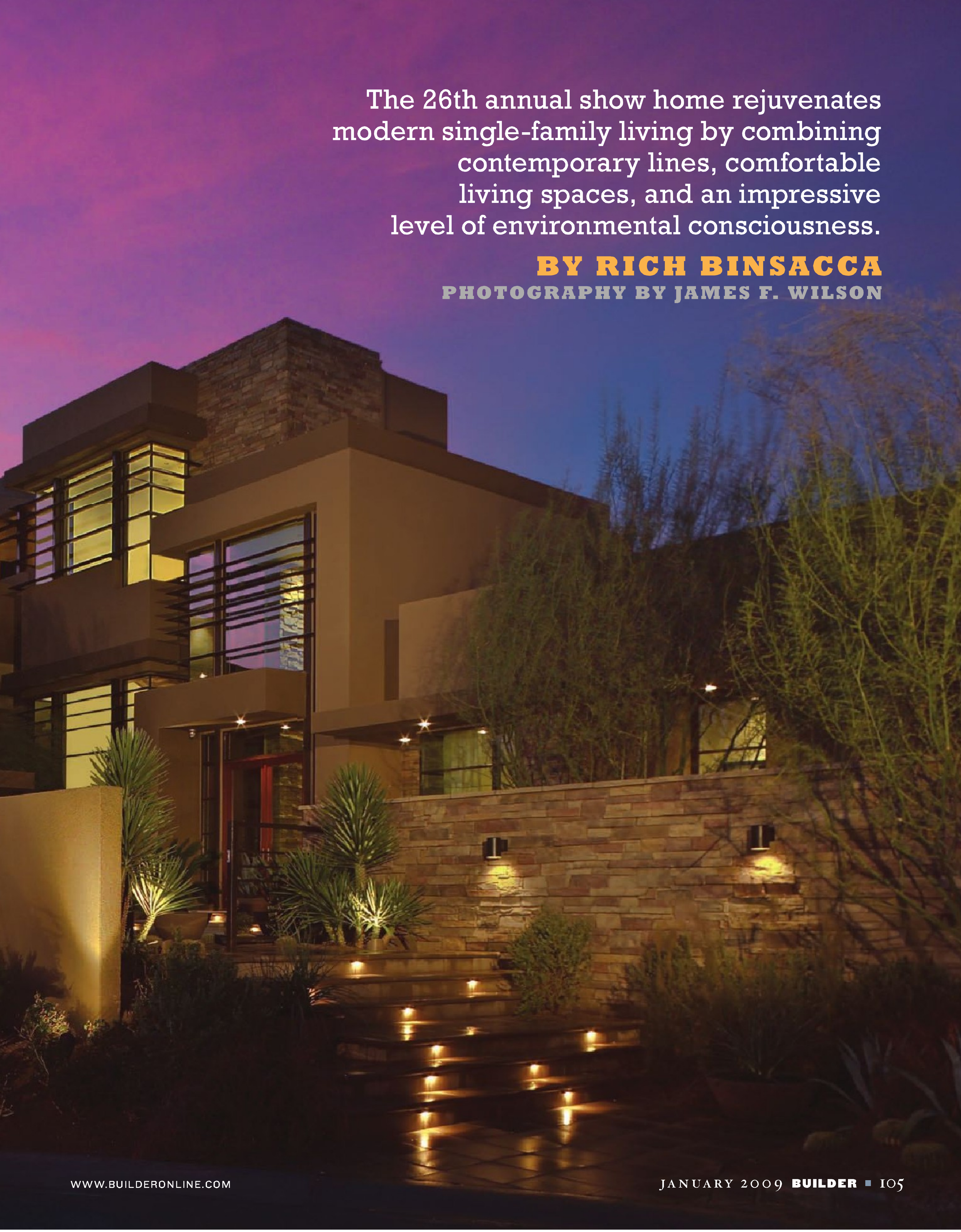
THE NEW AMERICAN HOME 2009



The 26th annual show home rejuvenates modern single-family living by combining contemporary lines, comfortable living spaces, and an impressive level of environmental consciousness.

BY RICH BINSACCA

PHOTOGRAPHY BY JAMES F. WILSON



FROM A DISTANCE, BOTH FIGURATIVELY AND LITERALLY, THE NEW AMERICAN HOME (TNAH) 2009 appears contradictory to what's being deemed appropriate in the current conservative housing climate: a nearly 9,000-square-foot estate with a multimillion-dollar price tag built in a market, Las Vegas, that is the poster child for the industry's woes.

Never mind that the house sold before it was finished, albeit at a slight discount to accommodate a lease-back deal allowing the builder, Blue Heron Properties, to use it as a model home for the 12 other lots of the new infill community in which it sits.

Never mind that, despite its size, the house far exceeds conventional resource efficiency standards, achieving a remarkable 76 percent energy-use savings compared to the DOE's Building America benchmark and earning a Gold rating against the NAHB's Green Building Program standards, thanks to a concerted combination of sustainable design concepts and building practices, and innovative, eco-friendly devices.

Never mind that the house updates and revitalizes modern style and celebrates the return (and value) of architect-designed housing with a desert contemporary aesthetic perfectly suited to its climate and buyer profile. That value is immediately evident as you turn into Agave Azul and see the house for the first time in full, and even more so once you walk up to and through the front door.

If you can put all of those accomplishments aside, then TNAH is reduced to just a big, beautiful house, reserved for a well-heeled slice of the market that enjoys casual elegance, appreciates a bit of hip Vegas nostalgia, plans to age in place, and likes to entertain—a lot. "It fits perfectly within its environment, both aesthetically and demographically," says builder Tyler Jones. "There's a growing market of buyers who are interested in a new, fresh style of housing."

MORE THAN THE SUM OF ITS PARTS

But it is much more than that. Like every one of the 25 previous show homes in this program, co-sponsored by BUILDER and the NAHB's National Council of the Housing Industry, it provides a wealth of ideas that will eventually filter down into homes of every style, size, and price range.

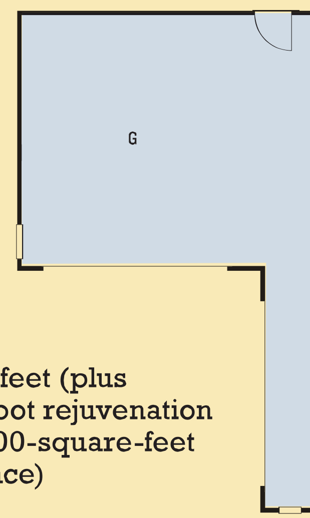
For instance, Jones employed insulated concrete forms for the home's main structural element to improve thermal performance; meanwhile, both solar electric (including brand-new bifacial PV panels) and solar thermal power offset grid-supplied electricity.

The house also sports a cool-roof system to protect against the harsh desert sun and heat, and a natural gas–powered HVAC system that has been time-tested in Japan but makes its domestic debut in this year's show home. "We did quite a bit of work to provide a new level of sustainability for this size home," says John Danielian, a principal with Danielian Associates Architects & Planners in Irvine, Calif. "Green design and building standards will soon be a requirement on every project, regardless of size."

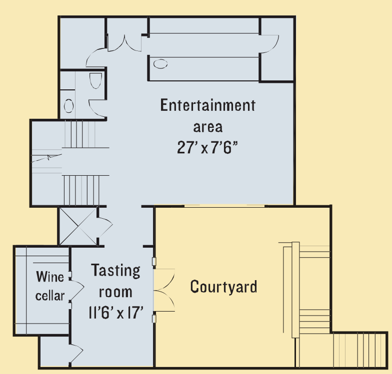
Then there's the layout of the home's four levels, bookended by a below-grade entertainment area that opens to a generous courtyard, and an open-air sky deck lounge that overlooks the Las Vegas valley and the Strip. The third level (second from street view) houses a guest suite, home office suite, and extra entertainment space.

The main level, however, is the most dynamic. It contains all of the essential functions, from a kitchen-dining-hobby/laundry wing to a private enclave of bedroom suites (including the master) set across the entry foyer from the public areas.

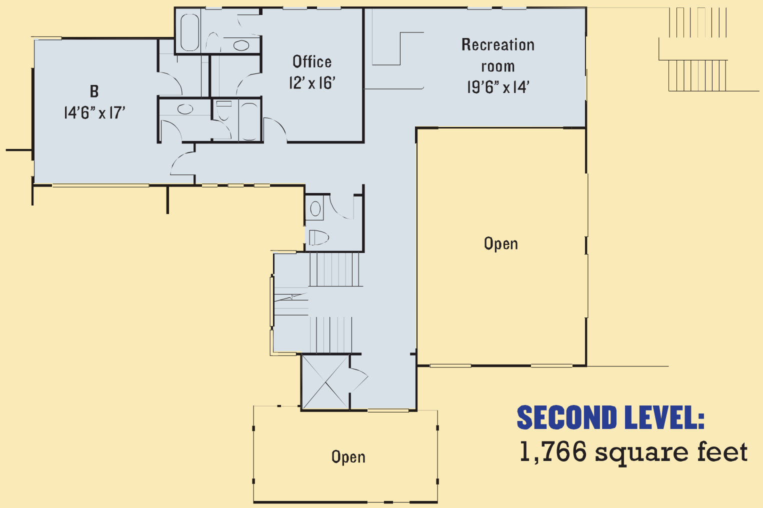
"Interior spaces either visually connect or seamlessly expand to outdoor living spaces to enhance entertainment areas and promote the luxury lifestyle."—Joe Digrado, lead designer, Danielian Associates



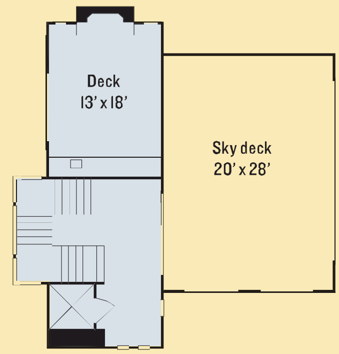
MAIN LEVEL:
5,324 square feet (plus 224-square-foot rejuvenation room and 1,100-square-feet of garage space)



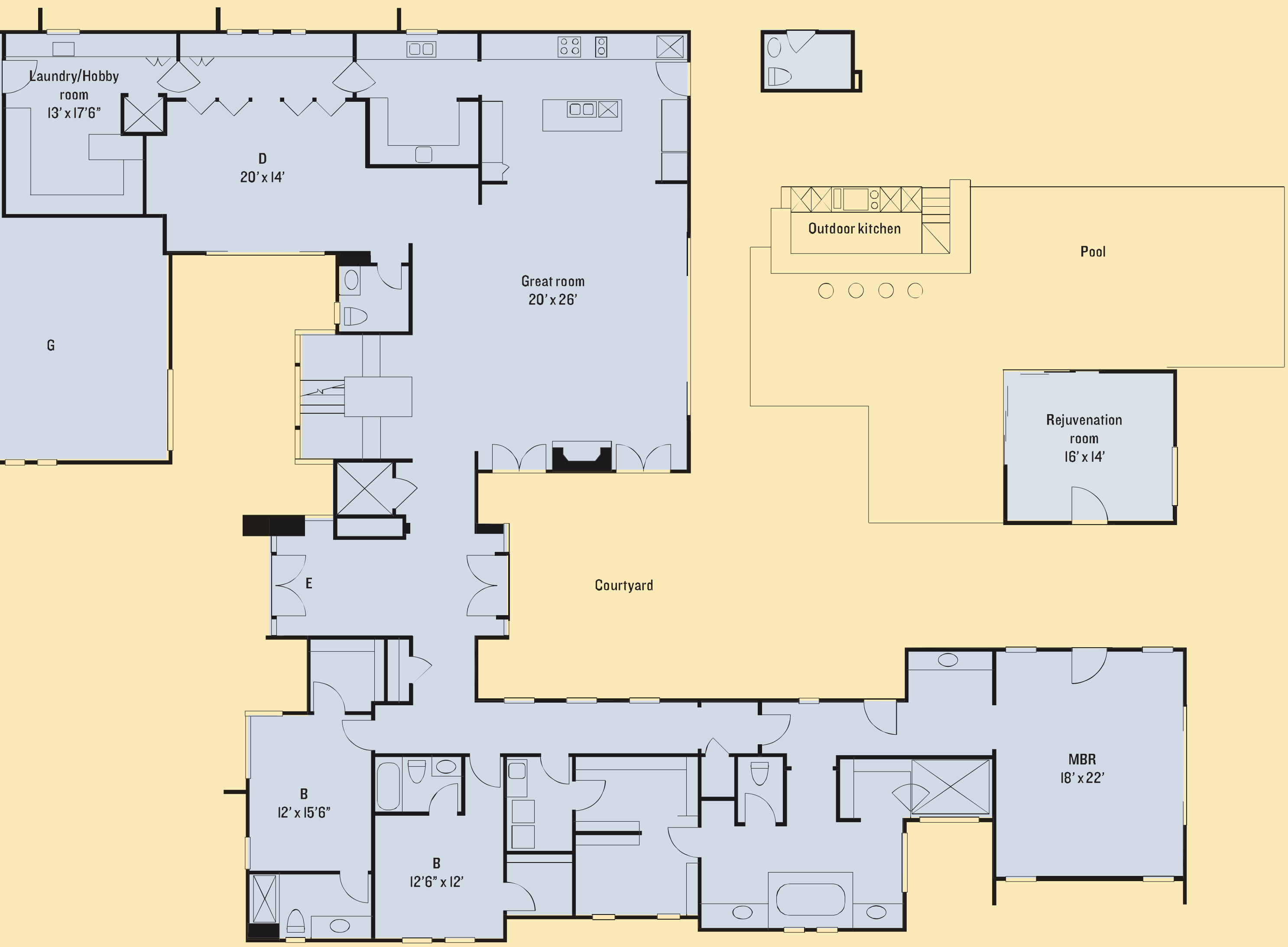
BASEMENT LEVEL:
1,430 square feet



SECOND LEVEL:
1,766 square feet



SKY DECK:
234 square feet (plus
560-square-foot open deck)



Between them is the great room, a volume space that also opens outward to the zero-edge pool and provides the primary access to a playground of outdoor spaces.

In fact, on every level, there is a distinct effort and plenty of opportunities to connect with the outside. "Interior spaces either visually connect or seamlessly expand to outdoor living spaces to enhance entertainment areas and promote the luxury lifestyle," says Joe Digrado, the lead designer for Danielian Associates. Fortunately, the home's east-west axis allows the rear elevation to leverage a northern exposure with an abundance of glass and enables that concept to thrive.

COMFORTABLE, NOT COLD

Modern design has a reputation for coming across as austere—until now. Interior designer Lee Lundquist and her team from Robb & Stucky Interiors' Las Vegas office worked to balance the clean, straight lines and lack of ornamentation inherent in the home's architecture with a comfortable, colorful, and occasionally whimsical palette of furnishings and finishes, such as the swanky, Rat Pack–style bar in the basement and the deep, rounded, upholstered sofas on the sky deck.

Not to be upstaged, landscape architect Pat Murphy and the crew from Summers/Murphy & Partners in Dana Point, Calif., took cues from Lundquist to create room-like experiences among the outdoor spaces within the vast rear courtyard and elsewhere. Dotted with native plantings and shade trees (particularly along the home's west elevation), the rear courtyard sports a Zen garden; a spa; a deep, covered outdoor living space with a seating area, flat screen TV, and pool table; and a sunken outdoor kitchen and swim-up bar—not to mention the rejuvenation room that rests on top of the water.

The result is a truly integrated design that is the foundation of sincere sustainability instead of fleeting fashion. "There was so much collaboration to create one cohesive vision," says Jones of the team effort engaged for the project. "But that's what makes it such a strong home." *(see page 110)*



EXTRA ENERGY: An array of photovoltaic panels mounted on the second-level roof and angled to the southern exposure helps offset the home's electrical demand from the local utility.

SUBTLE SHADE: An extensive private balcony extending over the garage and serving the guest suite is protected from the morning sun by motorized retractable screens by Phantom Screens. With their housing concealed in the header of the sliding patio doors, the screens work by remote control and allow ventilation and views while cutting 90 percent of the sun's ultraviolet rays.


CREATIVE CORNERS: The 90-degree corner windows from Sierra Pacific complement the contemporary style of the house and satisfy code and green building program requirements for insulating value. The windows feature an advanced low-E coating, a structural-foam warm-edge spacer, and SFI-certified wood frames. A thin mullion wraps the corner connection to conceal the glass-to-glass joint.
ORIENTATION MATTERS: Designed to be green for Las Vegas' climate, the house sits on a lot that faces nearly due south. The enviable east-west axis captures plenty of indirect daylight and shields harsher afternoon sun and prevents solar heat gain while promoting passive ventilation to maintain indoor comfort. Fixed sunshades on the windows have a practical and an aesthetic value.
STONE SOLUTIONS: The Country Ledgestone series from Owens Corning Cultured Stone adds texture, depth, and a subtle blend of natural colors to the home's smooth acrylic stucco finish from Dryvit.
MODERN TAKE: The house updates modern single-family style with a contemporary palette of materials, including stone accents, fixed metal sunshade louvers, glass garage doors, sizable bands of glass, and eyebrow overhangs. Horizontal elements and the undulation of the flat-roofed façade help reduce the home's three-level mass to a more comfortable, human scale.



FIRST IMPRESSIONS: Upon entering the foyer, guests are treated to a waterwall fed by a long, shallow trough from the spa at the back of the property. "As soon as you enter the home, you immediately relax," says landscape architect Pat Murphy. The trough spans over the stairs built behind the waterwall, adding interest as people descend from the home's main courtyard and at-grade living areas.

BEDROOM COMMUNITY: The home's bedroom wing along its east property line, anchored at the far end by the master suite, helps enclose the courtyard and offers a variety of views and access to its features. Simple arched bridges across the water trough include one specifically from the master bedroom to the rejuvenation room. The master also enjoys direct and mostly private access to the spa and the Zen garden (see page 116).

PEDESTAL PAVERS: A system of concrete pavers set on adjustable pedestals, courtesy of United Construction Products, effectively facilitates stormwater runoff along the slightly sloped grade below while providing a flat surface for the action-packed subterranean courtyard.

(see page 112)









Home elevators.
Just another crazy idea in home building.

With the price of land going up and the average size of homes increasing, a new standard in home building is on the rise. Now is the perfect time to start building a ThyssenKrupp Access home elevator into your home projects. Because soon, the only thing crazy about home elevators will be building without them. Call **800-829-9760, ext. 9576** to find out more.

ThyssenKrupp Access
Residential Elevator Division

Go to http://builder.hotims.com for more info
See us at the International Builders' Show, booth N749

thelev.com

ThyssenKrupp

Rise™ | VOLANT™ | LEV® The Next Level.™ | SIGNET

See our full line of home elevators at tkaccess.com or thelev.com



SLIDING SCALE: Sliding glass panels from Sierra Pacific pocket completely into the sidewalls to create a full, 18-foot-wide opening to the outdoors. Even better, the SFI-certified pine-finished panels are operated via remote control or a wall-mounted touchpad thanks to a near silent 500 series motorization system by Doors in Motion.

ON THE EDGE: The 16-inch, square travertine floor tiles from Daltile extend seamlessly to the covered patio and are set at the same elevation as the zero-edge pool. The pool water, however, is kept at bay by a 1-inch-wide perimeter trough. The water level can be lowered for swimmers to mitigate splashing and overflow into the patio and great room.



REJUVENATION: Appearing to float on the surface of the pool, the spare yet comfortable rejuvenation room offers a striking visual element from the great room and anchors the extensive outdoor living features. It also includes motorized pocket doors and is accessible from the outdoor living area and the master bedroom.

BALANCING ACT: Interior designer Lee Lundquist eschewed a dining area between the kitchen and living space to create a more comfortable setting. The kitchen island satisfies casual meal needs. She also specified a C-shaped sofa in front of the fireplace instead of a sectional to both buck convention and balance the clean lines of the room. "I didn't want the house to be predictable," she says.

LONG LINES: The horizontal lines of the front façade continue inside with a 45-inch wide-angle gas fireplace from Regency's Contemporary Collection accented by a flat eyebrow mantle finished with Egyptian-series, amber-colored mosaic glass tiles from Daltile.

HIDDEN PREP: The kitchen (and the cook or caterer) gains more than a bit of workspace and additional appliance capacity thanks to a generous U-shaped prep area around the corner. That area is outfitted with a pair of sinks, a full-sized fridge with a bottom-mount freezer, and a wall oven and warming drawer among other features.





POWER TRIP: In a clever move to retain the lines of the glass-accented tile along the kitchen's wall surfaces, electrical outlets are concealed under the upper cabinets. On the island, a pair of power strips, each with three outlets, pop up on either side of the sink.



COOK'S DREAM: The relatively modest-sized U-shaped main kitchen puts everything within easy reach. A stainless steel Prologue model sink from Kohler fitted with a triple-jointed faucet faces the great room. A complete set of appliances from Viking's professional series surrounds the island, including a 60-inch, open-burner gas range, a refrigerator and freezer pair measuring 6 feet across, and the company's new convection-steam wall oven (among four ovens provided).

STORAGE GALORE: The solid-wood cabinets in the main kitchen and in 10 other rooms in the house are from the Yellowstone collection within Timberlake's top-tier Portfolio Select line, finished in a cherry chocolate glaze. The stout boxes, fronts, and hardware complement the home's balance of contemporary lines, warm comfort, and flexible convenience.



NORTHERN EXPOSURE: Facing almost due north and shielded on its west and east elevations, the master bedroom draws only cool, indirect daylight through the patio doors and fixed clerestory windows above them.

FLOATING FURNITURE: The interior designer positioned the large and low-set bed in the middle of the room to give the owners a clear view of the Zen garden. The arrangement also mimics the rejuvenation room, which appears to float on the surface of the pool.



LIGHTS FANTASTIC: The interior designers converted track lighting lamps from Progress Lighting into tasteful pendant fixtures to provide light over the floating bed and supplement Progress' new Everlume recessed LED fixtures that provide the room's ambient lighting. "The LEDs actually put out more lumens than we expected," says interior designer Lee Lundquist.

ZEN MASTER: The master bedroom, at the end of a long wing of the home's main level, enjoys private access to the Zen garden equipped with a Koi pond and a trellised outdoor bed platform, through motorized telescoping all-glass patio doors that create a full, 8-foot-wide passage.

SUPREME SHADE: Motorized louvers from Sunshade Enclosures, controlled by a remote device, can assume any position depending on the amount of sun or shade desired. Fully closed, the louvers are watertight and they will close automatically in a rainstorm.

TOP SHELF: The enclosed section of the sky deck, measuring 13 feet by 18 feet, features a bar area (behind the return wall left of the opening) and a cozy conversation space served by a flat screen–fireplace hearth. The back and side walls feature windowless openings to enable breezes through the space.







FULL VIEW: The sky deck provides a panoramic view of the Las Vegas Valley, including the entire skyline of the Strip, from the golden Mandalay Bay towers and the light beam off the Luxor on the left to the Stratosphere Tower on the right.



SERENE SCENE: The rejuvenation room appears to float on the surface of the zero-edge pool, a scene that is not only visible from nearly every room in the house, but also one that elicits a sense of calm and quiet reflection. "It makes you feel serene whether you are in it or looking at it," says interior designer Lee Lundquist.

(see page 120)



WINE DIVINE: Through a set of outswing patio doors (not shown), the courtyard possesses an independently conditioned wine cellar fronted by an intimate tasting area that also is connected to the theater/bar area inside. Equipped with a generous powder room and served by the home's main staircase and elevator, the lower level is a full-service entertainment haven.

INSIDE-OUT: Like the great room above it, the subterranean entertainment room features motorized sliding glass doors that pocket completely into the sidewalls, creating a seamless transition between the indoor space and a generous 22-foot-by-16-foot courtyard.



DROP TECH: As if a 52-inch Toshiba flat screen wasn't enough to satisfy the owners and their guests (not to mention the trio of same-sized displays in the courtyard), the entertainment room is fitted with a theater-quality Stewart Filmscreen projection screen that drops down in front of the "Flamingo" wall and a JVC projector that emerges from the ceiling. A total home automation system from Microsoft and Lifeware automatically draws shades across the sliding glass doors when the screen and projector are engaged.

WATERPROOF: When Blue Heron excavated for the basement level, it breached the water table. A comprehensive engineered waterproofing system from W.R. Grace, including its Preprufe membrane applied to the insulated concrete form–built walls, keeps the water at bay and enables the owners to enjoy the below-grade spaces worry-free.

RAT PACK ROOM: Low-slung, deep upholstered furniture, a dark carpet, the funky wall photo, and a full-length, mirrored bar/kitchen (not shown) set the stage for a retro lounge experience. "The nostalgic feel is a nice contrast to the futuristic features of the rest of the house," says interior designer Lee Lundquist. *(see page 122)*



Products From Whirlpool Corporation Enhance The Home's Sustainability

The New American Home 2009 is a showcase of builders' best practices in energy efficiency, indoor air quality, safety, convenience and aesthetics. And appliances from Whirlpool Corporation enhance the home's sustainability.

A Laundry Room That's Efficient, Innovative And Stylish

In the laundry room, the home features a Whirlpool® Duet® Steam Washer and Gas Dryer with storage pedestals, in Tuscan Chestnut. This innovative laundry pair naturally steams out wrinkles and odors in the dryer, and tough stains without pre-treating in the washer. The ENERGY STAR® qualified washer saves up to 73 percent water and 77 percent energy; it has a WF (water factor) of 3.87 and MEF (modified energy factor) of 2.29, qualifying for, and actually exceeding, all green building program criteria including the pending NAHB Green Building Standard and LEED®-For-Homes.

The efficiency of the Duet® Gas Dryer adds to the home's net-zero energy efficiency. A Whirlpool® Laundry 1-2-3™ Worksurface creates a seamless surface for sorting and folding laundry.

A secondary laundry room near the master suite features the Maytag® EPICz™ Front-Load Washer and Gas Dryer in Silver Metallic on White. This pair offers high efficiency in a convenient size. A WF of 4.26 and an MEF of 2.31 qualifies for, and exceeds, all green program criteria.

A Garage That's Organized And Flexible

The garage of The New American Home is an organized, flexible work space featuring Gladiator® GarageWorks durable storage products and appliances, including: the Chillerator Garage Refrigerator, the only ENERGY STAR® qualified refrigerator designed to handle the temperature extremes of a garage; Modular Garage Trash Compactor, Work Bench, Gear Boxes and Gear Drawer, providing storage conveniently under the workbench; Tall Gear Box; and Gear Track strips that allow for wall storage.

Standard Kitchen Appliances That Are Anything But Ordinary

Finally, the kitchen features KitchenAid® countertop appliances for added livability: a Stand Mixer, Food Processor, Slow Cooker and 5-Speed Blender.

THE INSIDE ADVANTAGE™
Whirlpool CORPORATION
SUSTAINABLE™





For more information visit www.insideadvantage.com or call 1-800-253-3977.

Go to http://builder.hotims.com for more info

REAR ELEVATION



COOL ROOF: The flat-roof design of the modern style demands a roofing system that will stand up to the elements. The Bayseal Spray Polyurethane Foam insulated system from BaySystems is a rigid, closed-cell plastic that creates a lightweight, seamless, and waterproof blanket over the framed and sheathed roof substrate.

WATER HEATER: The rooftops of the bedroom wing serve as a platform for Suntrek's solar thermal system for heating the pool water, a process of direct heat exchange between the water and the system's tubing.

BACK-TO-BACK SOLAR: An array of 56 high-output photovoltaic panels from Sanyo Energy provide the roof finish for the outdoor living room—and offset the balance of the home's grid-supplied electricity. The panels feature a cutting-edge bifacial design that converts not only direct sunlight from above, but also reflected light from below to produce up to 50 percent more electricity than conventional panels.



OUTDOOR LIVING: Anchored by the pool, the courtyard affords a bevy of outdoor living opportunities, both on the main living level and on the deep balconies of the upper floors. “The courtyard’s design allowed us to create a different character in each space, like stepping into another room, much like the interior designers did inside,” says landscape architect Pat Murphy.

PERFORMANCE PLUS: Despite its size, the home achieved a Gold rating from the NAHB’s Model Green Building Guidelines—largely due to stuff you can’t see, such as the insulated concrete forms from Arxx used to build the shell. “It’s effectively an R-50 wall before you add anything to it,” says builder Tyler Jones. “That’s a huge head start in building to a high-performance level.”

BEST ORIENTATION: The east-west axis of the home is ideal. Along the west elevation, L-shaped awnings are angled to the path of the afternoon sun to shade the windows on that side of the house, mostly occupied by utility spaces. Meanwhile, the northern exposure to the back enables large expanses of glass doors and windows to bring in cooler, indirect daylight and facilitate passive ventilation.

PEEK INTO THE FUTURE: The home is the first in the nation to be serviced by a natural gas heat pump system from Aisin, a Toyota affiliate, which provides whole-house heating and cooling with very little electricity. A single outdoor unit (glimpsed here) is enough for 20 zones. Captured and re-used waste heat boosts efficiency 50 percent better than a gas furnace. The system has a 20-year track record in Japan, with more than 600,000 installations.

SWIM-UP SUPPER: A sunken outdoor kitchen/bar with underwater pedestal seating along its long edge is outfitted with a complete set of appliances from Alfresco Open Air Culinary Systems that feature 100 percent recycled aluminum panels from Stone Profiles designed to be moisture, mold, and chemical resistant.

(see page 124)



THE ARCHITECT: Danielian Associates Architects & Planners in Irvine, Calif., has helped lead the revival of modern housing design and fostered a true team approach to the project's development. "The goal was to create a home that was more about function rather than form," says founder and president Art Danielian, pictured third from left, along with senior associate JoAnn Lee-Kim (far left), son and principal John Danielian (center left), and senior associate and lead designer Joe Digrado (far right).



THE BUILDER: Blue Heron Properties was established in 2004 with the mission of setting a higher bar for modern luxury housing in Las Vegas. The team includes, l to r, Tommy Isola, principal; John Moran, vice president of finance; Doug Castillo, assistant project manager; Kris Oesterling, project manager; Steve Jones and Tyler Jones, principals (and father and son); Karen Brill, vice president of purchasing, and Michael Murphy, principal.



NCHI LEADERSHIP: National Council of the Housing Industry, the Leading Suppliers of the NAHB, has partnered with BUILDER on The New American Home since its inception, bringing the leading building products makers to the table. Bill Nolan of The Nolan Group in Altamonte Springs, Fla., (right) chaired the 2009 task force, an effort supplemented by Chuck Edwards (left), a Marietta, Georgia home builder; and NAHB project executor Tucker Bernard (center).



THE LANDSCAPE DESIGNER: Led by company president Pat Murphy (center), the landscape design team at Summers/Murphy & Partners in Dana Point, Calif., worked closely with the rest of the project team to reflect the vision of the house in the outdoor areas and create seamless transitions throughout. Murphy stands flanked by director of design and associate partner Rick Hagemeyer (right) and project designer Chosei Kusano (left). The design also adheres to the green goals of the project with native, drought-tolerant plants and shade trees.



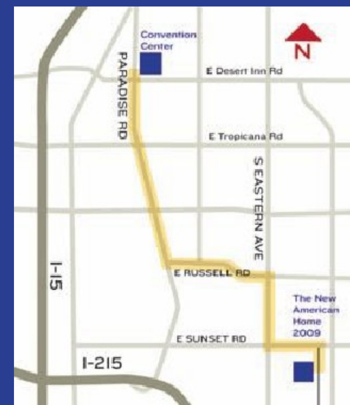
THE INTERIOR DESIGNER: Striking a meditative pose, Lee Lundquist (right) and her team from Robb & Stucky Interiors were brought into the process early and often and created a comfortable balance to the home's clean, modern lines—as well as a taste of nostalgic Vegas style. "We didn't want the house to be too serious and uncomfortable," says Lundquist, joined by associates Kevin Johnson, far left, and Kellie Miller, center.

(see page 126)

TOUR THE HOUSE

Free guided tours of The New American Home 2009 are open to registered attendees of The International Builders' Show, Jan. 20–23, in Las Vegas. Free roundtrip shuttle buses will load and unload near the main entrance to the convention center, on the north side of the Grand Concourse. Visit the show home tour booth inside the Grand Concourse to reserve a seat on the bus.

DRIVING DIRECTIONS (from convention center): south on Paradise Rd.; left on E. Russell Rd.; right on S. Eastern Ave.; left on E. Sunset Dr./NV-562-East; right on Tomiyasu Ln.; right on Agave Azul; the house is on the right. Parking is extremely limited; please take the free shuttle bus. Drive time: approximately 15 minutes (7 miles).



NCHI CONTRIBUTORS: More than 40 members and affiliated members of NCHI, the Leading Suppliers of NAHB, contributed products and services to The New American Home 2009.

- **American Gas Association** (support for gas-powered products)
- **Arxx Building Products** (insulated concrete forms system)
- **BaySystems North America** (insulated roofing system)
- **BDHHI/Baldwin Hardware** (door hardware)
- **Broan/NuTone** (ventilation products, ironing center, and central vacuum)
- **CertainTeed** (drywall and related supplies, fiberglass insulation)
- **Closet Factory** (closet storage systems)
- **Daltile** (tile products)
- **Dryvit Systems** (stucco finish/top coat)
- **DuPont Building Innovation** (solid surfacing)
- **Eaton Electrical/Cutler-Hammer** (electrical systems/distribution, AC disconnects)
- **FBC Building Solutions** (pipes for fire suppression system)
- **Hacker Industries** (lightweight concrete deck and underlayment)
- **Hearth, Patio, and Barbecue Association** (indoor and outdoor fireplaces, outdoor kitchen appliances)
- **Icynene** (open-cell foam insulation)
- **InSinkErator** (waste disposers, hot water dispensers)
- **Kohler** (plumbing fixtures and fittings)
- **Lowe's Cos.** (support for building products)
- **Masco Corp.** (mirrors, shower doors)
- **Mohawk Builder Division** (carpet and pad, hardwood flooring)
- **NREL/IBACOS Consortium** (home performance/energy evaluation)
- **ODL** (tubular skylight)
- **Owens Corning Cultured Stone** (exterior and interior stone)
- **Overhead Door Corp.** (garage doors and openers)
- **Pactiv Building Products** (window flashing materials)
- **Phantom Manufacturing** (retractable motorized pest/sun screen)
- **Portland Cement Association** (support for concrete products)
- **Progress Lighting** (lighting)
- **RCEI/Maxitrol** (gas shut-offs, outdoor heaters)
- **Rinnai Corp.** (tankless/instant hot water units)
- **Schluter Systems** (shower pan system, tile underlayment)
- **Sierra Pacific Windows** (windows, patio doors)
- **Simpson Strong-Tie** (framing connectors/structural hardware)
- **The Sherwin-Williams Co.** (coatings, prep materials)
- **ThyssenKrupp Access Corp.** (elevator)
- **Timberlake Cabinetry** (cabinets and built-ins, wine racking system)
- **Tyco Fire & Building Products** (fire suppression system)
- **Uponor-Wirsbo** (plumbing supplies/system)
- **Viking Range Corp.** (major kitchen appliances)
- **Whirlpool Corp.** (Gladiator garage storage system, laundry equipment)

UPlink // VISIT BUILDERONLINE.COM/DESIGN/SHOW-HOMES TO LEARN MORE ABOUT THE 2009 NEW AMERICAN HOME AS WELL AS PAST TNAH SHOW HOMES.

NON-NCHI AND LOCAL CONTRIBUTORS: A bevy of local firms provided products and installation services (often times both), bringing a local flavor and ownership to the project and providing them with opportunities to showcase their wares and skills.

- **Advanced Windows** (window installation)
- **Aggregate Industries/Bradstone Pavers** (pavers)
- **All Air Systems** (Aisin system, installation)
- **American Builders** (gutter system)
- **Anthem Electronics** (audio hub)
- **Anthony Sylvan Pools** (pool and water features)
- **Cloud Carpet** (flooring and fireplace surrounds installation)
- **Cutting Edge Industries** (Timber-Soy Wood Stain application)
- **Denko Drywall** (drywall and paint installation)
- **The Door Stop** (door and trim installation)
- **Doors in Motion** (motorization system for sliding glass doors)
- **Econ Appliances** (appliance installation)
- **Eco-safety Products** (Timber-Soy Wood Stain)
- **Executive Plastering** (stucco installation)
- **Florian Solar Products** (framing system for solar panels)
- **Freije Treatment Systems** (water softening system)
- **Fronius** (photovoltaic system inverters)
- **Green Building Consultants** (certification for NAHB Green Building Program)
- **Imperium Smart Systems** (technology system integration and installation)
- **Jeld-Wen** (interior doors)
- **JVC** (theater projector)
- **Lifeware** (home automation software, media server hardware)
- **Mac Roofing** (roofing system installation)
- **Merlin** (ICF system supplier)
- **Microsoft** (Windows Media Center)
- **Neff Rental** (forklift)
- **Nevada Construction Clean-Up** (waste management/recycling)
- **Noble Tile Co.** (pool tile, waterwall tile, fire bowl, water feature)
- **Norwesco** (cistern)
- **NuVo Technologies** (automation system control pad)
- **Paradigm Electronics** (loudspeakers)
- **Pentair Water** (pool heaters, sump pump, sewage ejection pump, reverse osmosis systems)
- **Red Rock Insulation** (insulation installation)
- **Rise and Run** (main staircase, all railings)
- **RM Design Studio** (renderings, animation)
- **Sanyo Energy** (photovoltaic panels)
- **Steel Engineers** (steel material)
- **Stepstone Inc. Pavers** (pavers)
- **Stewart Filmscreen** (projection screen)
- **Stone Deck West** (natural stone decking on Sky Deck)
- **Southwest Engineering** (civil engineering services)
- **Southwest Masonry** (concrete block wall installation)
- **Suncoast Post-Tension** (post-tension concrete supply and installation, including slab)
- **Sunstate Landscape** (pavers and landscape installation)
- **Sunshade Enclosures** (louvers for Sky Deck)
- **Suntrek** (solar thermal system and installation, photovoltaic system installation)
- **Sustainable Forestry Initiative** (lumber certification for windows)
- **TNT Masonry** (Cultured Stone installation)
- **Toshiba** (television displays)
- **United Construction Products** (pedestal paving system)
- **Universal Remote** (remote controls)
- **W.R. Grace** (basement waterproofing system)



Turnkey Programs for Every Budget.

In today's challenging environment it is more important than ever to create a unique experience that will inspire potential home buyers. Since 1998, Budget Blinds® has been #1 in window coverings by doing just that. And now, Budget Blinds® Pro™ goes a step further. Our turnkey solutions provide simple package choices to meet any style and budget in all the markets you build in. Budget Blinds® Pro™ is the only true national turnkey solution for window coverings. With our exclusive No Questions Asked 5-Year Warranty and guaranteed on-time delivery*, Budget Blinds® Pro™ is your single source partner for window coverings. We understand the challenges you face today and are committed to solutions that offer a competitive advantage.

**See the guarantee for complete details*

"With our team of over 1,000 professional design and installation specialists you can rely on us to provide the quality and variety of options your customers demand."

– Debra D'Adamo - *VP of National Accounts*

Budget Blinds PRO™

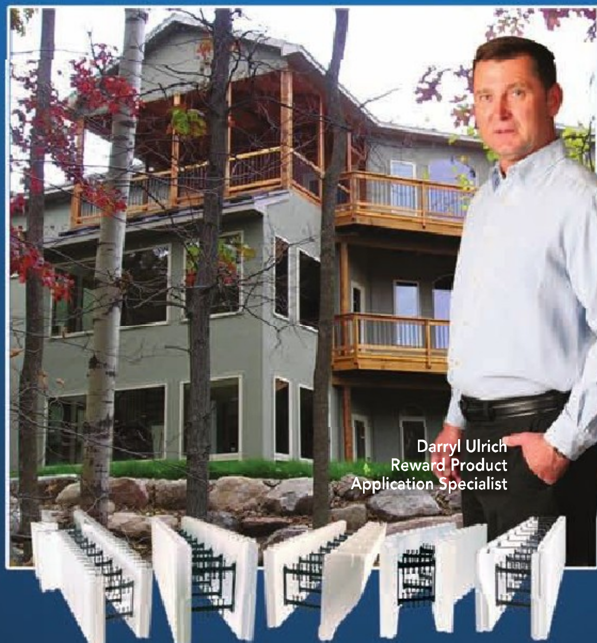
Go to http://builder.hotims.com for more info

To find out more about partnership opportunities, please contact:

Debra D'Adamo / *Vice President of National Accounts* / 1.866.258.5369 / www.budgetblindspro.com / builderinfo@budgetblinds.com

Reward Goes Beyond The Block

These products are covered by U.S. Patent #6,820,384   Photo: A Private Residence, Inver Grove, MN



Darryl is here to help . . .

And he can be there to help, too — on your job site.

After you've decided to build solid, reliable walls with Reward's insulating concrete forms (ICFs), we don't just say thank you very much and disappear. Instead, we help your project succeed from start to finish.

Darryl Ulrich, Reward Product Application Specialist, will make sure you and your team know what to do and how to do it. He's been in the construction industry for more than three decades. He speaks the language.

Darryl's ICF application assistance includes:

- Teaching installation techniques
- Reviewing blue prints
- Training builders and contractors
- Advising sub-trade contractors

So remember, when you work with Reward, Darryl's here for you—and he'll go where you need him. Just give us a call.

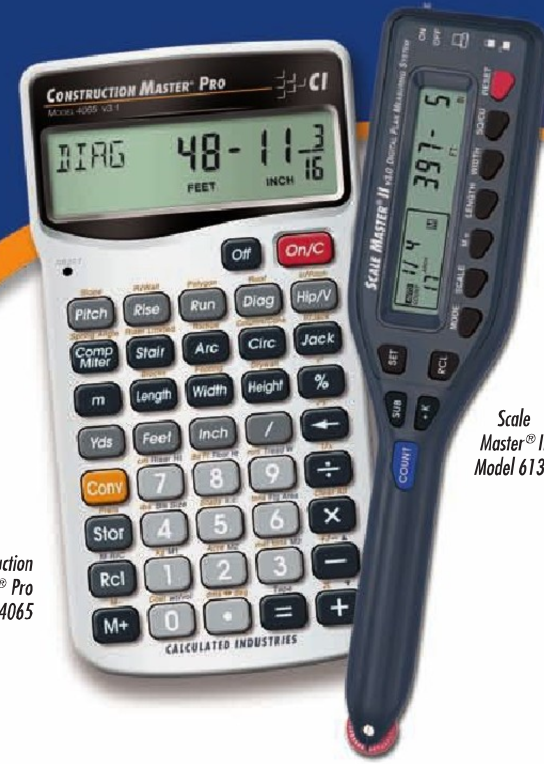
1-800-468-6344 ext. 2702
www.rewardwalls.com

REWARD WALL SYSTEMS®

Go to http://builder.hotims.com for more info

CATCH ONE MISTAKE

and they pay for themselves!



Construction Master® Pro Model 4065

Scale Master® II Model 6130

Now More Than Ever, You Need These Tools

From start to finish, our tools help you save time, reduce costs and win more bids. *Every time. Every day.*

- Fast, accurate takeoffs for estimating, bids and layouts
- Verify all measurements and calculate material needs and costs
- Solve tough construction-math problems when you're on the jobsite or in the office

See us at the International Builders' Show, booth S8760

Go to our contractor web site to learn how our calculators and estimating tools can work for you.

CountOnCI.com/boss1

BDR-109

CALCULATED INDUSTRIES®
FAST. ACCURATE. RELIABLE.

For a dealer near you call 1-800-854-8075
4840 Hytech Drive, Carson City, NV 89706 • 1-775-885-4900 Fax: 1-775-885-4949



The economic crisis forces the home building industry to reassess the fundamentals of its business.

BY JOHN CAULFIELD

ILLUSTRATIONS BY JEAN-FRANÇOIS MARTIN

STARTING OVER

FROM THE 1940S UNTIL VERY RECENTLY, U.S. HOUSING POLICY CONSISTED OF TWO words: more homeowners. Everything from highway construction to taxation revolved around that goal. And the results were spectacular, as ownership rates went from 62.1 percent in 1960 to a peak of 69 percent in 2004. Equally spectacular—but with dire consequences—was how the "American Dream" mutated into "America's Piggybank" and then "America's Nightmare" within the last decade.

During this period of excess, buyers agreed to—or were duped into—home purchases their incomes couldn't afford, and owners used those homes like ATMs to perpetuate more lavish lifestyles. Builders and developers interpreted demographic data—particularly about Hispanic buyers—in ludicrously optimistic ways to justify their expansion ambitions. Mortgage companies sank their underwriting standards to new depths. And, inevitably, investors pounced on opportunities to exploit a thriving market, even as they ignored the quicksand upon which that market had been constructed.

That few people expected home prices to ever come down, or gave much thought to what that descent could mean for the debt-inundated economy, speaks to how lawmakers, analysts, and the general public simply took housing and mortgage lending for granted. This "failure of imagination," as Dean Johnson, chief economist of Comerica Bank in Dallas, calls the current housing and credit crises, led to a financial meltdown of global proportions. And America's now-struggling housing industry—which one economist calls a "hapless participant" in the economy's spiral—finds its pleas for help mostly falling on deaf ears of government officials, lenders, and investors who have convinced themselves that other sectors of the economy—financial institutions, auto makers, credit-card providers—are more worthy of rescuing.

That meltdown laid bare an economy that's been manipulated by financial instruments whose complexities outran regulatory restraints. It also undermined confidence in free-market capitalism and the expertise of lenders, brokers, economists, the media, elected officials, and appointed regulators, who seemed clueless as they lurched from "solution" to "solution." Restoring that confidence is critical to the economy's recovery, but it won't be easy in an environment of rising unemployment and tighter credit.

The following special report examines the root causes of the country's malaise and offers suggestions about how it might play out. One scenario foresees a more cautious housing industry with as few as half the builders it has now (which to some observers is precisely what big builders want to happen). But what lessons will be learned from all this turmoil? That dramatic and potentially disastrous financial cycles are simply inevitable? Or that a better way might be conceivable through a responsible and coordinated application of planning, rules, and guidelines that isn't motivated solely by self-interest.

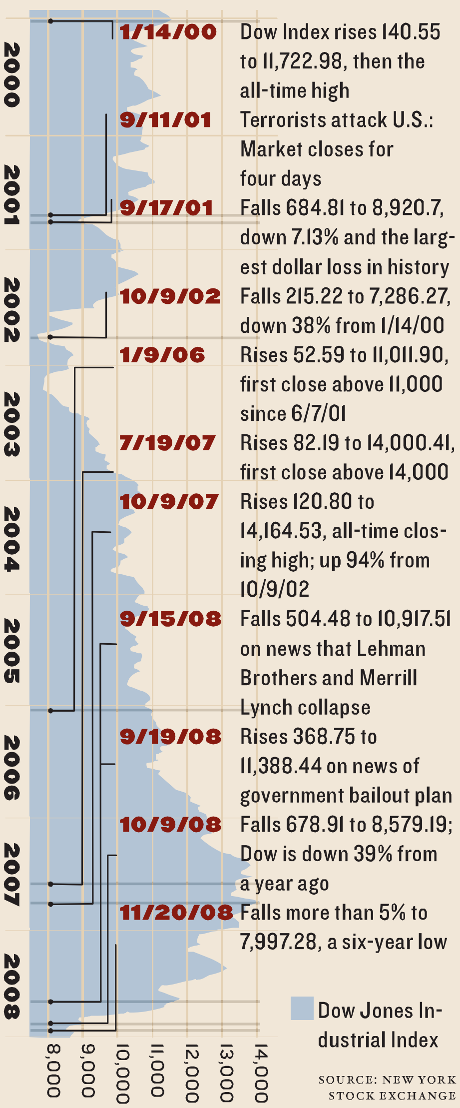
Greed Isn't So Good Securitizing mortgages separated the risk of lending from lenders.



"The financial markets actually acted fairly rationally, given that their motivation is to minimize regulatory costs. That's why prescriptive political solutions almost always leave the door open for more excesses."—Bert Ely, economist

Fits and Starts

Housing crisis drags down Wall Street.



SOURCE: NEW YORK STOCK EXCHANGE

REAPING WHAT IT SOWED: Wall Street's stunning decline in the last months of 2008 can be linked to the investment instruments it created that spurred irresponsible mortgage lending.



CAUSE: The housing industry, which had been America's one reliable economic engine for much of this decade, started seriously misfiring in September 2007, when the first rash of foreclosures surfaced. As mortgage defaults accelerated, they exposed a soft underbelly of dubious underwriting that had enabled the housing market's expansion. Wall Street facilitated that underwriting by creating investment instruments that "removed the risk calculation from lenders' assessments" by taking mortgage assets off their books through securitization, says Scott Polakoff, COO of the Office of Thrift Supervision. Publicly owned home builders dominated during this period of excess, building and selling homes at record levels, sometimes with little regard for demographic or geographic demand, but often with an eye toward meeting shareholders' growth and profit expectations.

EFFECT: When the housing and credit markets collapsed, they took down Wall Street with them. Millions of working Americans watched helplessly as the value of equities in retirement plans dropped by $3.8 trillion, or 24 percent, during the 12-month period that ended Oct. 9, 2008, according to the Center for Retirement Research at Boston College. Those collapses undermined the credibility of the entire financial investment system and fomented a "psychological crisis" among consumers and bankers that brought the country's economic growth to a screeching halt, observes Bill Hudnut, an Urban Land Institute fellow and the former mayor of Indianapolis. "What's going on now is the consequence of a whole slew of government policies that incentivized people to act out of self interest," says economist Bert Ely. And, as the government was forced to step in to bail out banks and brokerages, Wall Street became "a subsidiary of Pennsylvania Avenue and Capitol Hill," says Irwin Stelzer, director of economic policy for the Hudson Institute.

RESPONSE: The credit crisis spread worldwide, and it's been estimated that banks would write off up to $1.4 trillion in assets by the end of 2008. Distressed builders have charged off billions of dollars to cover massive impairments for land and homes that they liquidated at significant discounts. Stelzer foresees the emergence of a "new capitalism," distinguished by a reduction in the willingness of individuals and politicians to accept risks inherent in a market-based system; a turning away from a bias that once favored deregulation; a refusal to accept without question the market's verdict on how income and the fruits of economic growth are distributed; a rejection of the idea that the benefits of free trade are obvious; and the insistence that the balance between considerations of economic efficiency and equity be changed in favor of equity.

THE FUTURE: It could be quite a while before Wall Street finds its legs again, especially since it's impossible to predict how long the financial markets will need propping up by the federal government. It's also hard to predict what "Wall Street" will actually be comprised of, once the dust settles. The same is true about a housing sector whose products continue to define the relative wealth of its customers, for better or worse. "You could see a much diminished housing industry" as a result of the financial upheaval, says Ron Terwilliger, CEO of Trammell Crow Residential. But he doesn't think the habits of surviving builders will change much. "Memories are never that long."

See No Evil Predatory lenders leave buyers holding the bag when home values plummet.



CAUSE: A willful lapse in underwriting standards over several years—coupled with rock-bottom interest rates on borrowing, federal mandates to expand homeownership, and what one economist called "arbitrage around bank capital standards"—conspired to create a transaction-driven banking system that, through mortgage securitization, removed risk from lending and opened the door to an infectious spread of nonprime mortgages. Between 60 percent and 75 percent of these mortgages were originated by unregulated non-bank mortgage brokers. Those mortgages appealed to yield-hunting investors and bonus-hungry brokers, but they also targeted many buyers whose financial means did not justify owning the house they were buying or who were deluded by lenders about their ability to pay back the mortgage.

EFFECT: The $700 billion federal bailout of the credit markets effectively blew up the country's private investment banking system and left the FHA, for the time being at least, as the only consistent—if badly undermanned—source of mortgage capital. "Banks end up picking up the cost for the excessive practices of the few, and with IndyMac, that cost was nearly $9 billion," laments James Chessen, chief economist of the American Bankers Association. The Office of Thrift Supervision estimated that the savings and loan industry lost $9.4 billion in the second and third quarters of 2008 and had allocated $7.9 billion in the third quarter for future loan losses. An avalanche of foreclosures—RealtyTrac estimates that 936,439 homes went into foreclosure from when the housing crisis first hit in August 2007 through October 2008; the Mortgage Bankers Association adds that foreclosure proceedings were initiated on 2.2 million homes in 2008—continues to destabilize home and mortgage values.

RESPONSE: The bailout's Troubled Asset Relief Program, or TARP, through which the government agreed to buy mortgages and other assets from financial institutions, got banks to lend among themselves again. But it did little to unfreeze consumer credit markets or resolve how to renegotiate the estimated $2 trillion of toxic mortgages that were securitized. Since Congress okayed the bailout, the Treasury has altered it several times, first by injecting capital directly in banks in exchange for an ownership stake, and then by coming to the aid of companies that issue credit cards, make student loans, and finance auto purchases. Meanwhile, economists and regulators became more vocal in calling on lenders to maintain higher capital levels and on borrowers to make higher down payments. (Several sources contacted agree with former Treasury Secretary Paul O'Neill, who posits that no mortgage should be written without 20 percent down, regardless of how many buyers are pushed out of the market.)

"Any solution must accept that borrowers overextended themselves, but also that many loans were made by lenders that should have known better."—Barry Zigas, director of housing policy, Consumer Federation of America

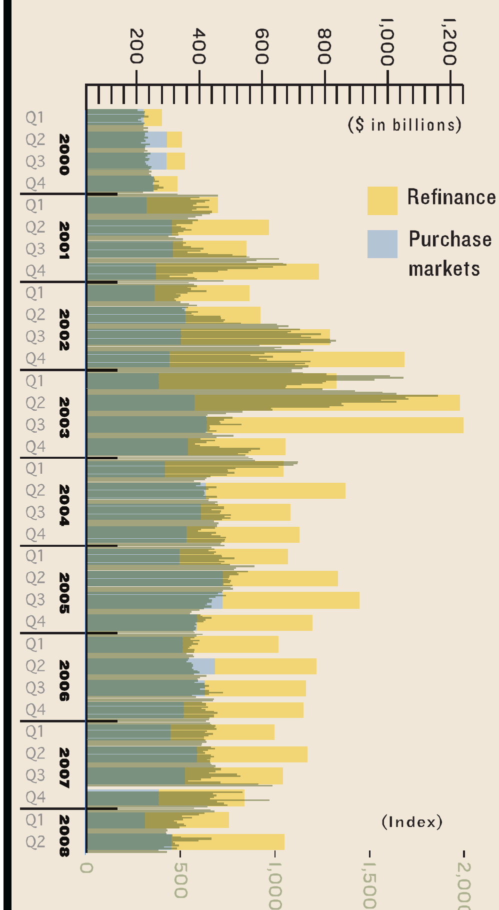
Various programs designed to modify non-securitized loans emerged from banks, as well as Fannie Mae and Freddie Mac, which held or guaranteed more than two-fifths of the $12.1 trillion in residential mortgage debt outstanding through the second quarter of 2008. Most of these plans are modeled on FDIC's loan-modification pilot program, which it



"All of these problems began when there was a disconnect between local banks and the mortgages. The whole financial system lost its way when it lost this connection. People who claim that the push to expand homeownership was to blame for all this are perpetrating the big lie."—Tom Murphy, senior fellow, Urban Land Institute and former mayor of Pittsburgh

Anyone With a Pulse

A spurt in mortgage activity too often ensnared buyers ill-prepared or over-financed to own a house.



SOURCE: MORTGAGE BANKERS ASSOCIATION

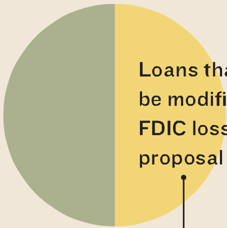
SIGN ON THE DOTTED LINE: Lenders rushed to generate mortgages that could be repackaged as securities, with little regard for the qualifications of borrowers. The pace of monthly originations (bars, top axis) and weekly applications (graph, bottom axis) picked up considerably in 2002 and 2003.

Finger in the Dike

FDIC offers plan to slow foreclosures.

4.44 Million

Number of delinquent non-GSE loans by end of 2009



Average modified loan size:	**$200,000**
Mortgage-to-owner's income ratio:	**31%**
Book value of loans modified:	**$444 billion**
Average program cost:	**5.5%**
Total program cost (est.)	**$24.4 billion**
Assumed default rate:	**33%**
Foreclosures avoided:	**Nearly 1.5 million**

SOURCE: FDIC

HOMEOWNER LIFELINE: FDIC wants to extend nationwide a program it's been offering to IndyMac's borrowers, but it has been thwarted by the Treasury Department.



"We had a housing bubble because everyone bought into the same broad-based assumption: That rising home prices would never come down. The rating agencies accepted this notion, which proved to be wrong. And regulators failed to oversee the process and get involved."—Dana Johnson, chief economist, Comerica



"People who originated what effectively were 130 percent loan-to-value (LTV) mortgages or wrote debt default swaps on the premise home prices would never come down—I don't think you can blame Greenspan for that." —Martin Regalia, chief economist, U.S. Chamber of Commerce

developed as conservator of IndyMac. Despite the Treasury's resistance to using bailout money to stem foreclosures, FDIC chairman Sheila Bair in mid-November pushed for a broader, $24.4 billion plan (see chart, left) that would reduce mortgage payments to 31 percent of an owner's monthly income, set interest rates as low as 3 percent, and extend loan terms to 40 years. Bair estimated that the plan could help 2.2 million borrowers get new loans and keep 1.5 million homes out of foreclosure. But would any of these programs make a real dent when Moody's Economy.com was projecting that 8.5 million homeowners might default on their mortgages between 2008 and 2010, and that roughly 5.2 million of them could lose their homes?

THE FUTURE: In late November, the government announced two more bailout programs that included $600 billion to buy debt and mortgage-backed securities from Fannie, Freddie, and Ginnie Mae. The government also drew from TARP to bail out Citigroup with a $20 billion loan and a guarantee to absorb up to 90 percent of the bank's losses on toxic mortgages. Then, in early December, the Treasury reportedly was discussing with Fannie and Freddie a plan to drive down interest rates for new-home buyers to 4.5 percent. But Jerry Howard, CEO of the NAHB, observes that mortgage lending right now "can't be left to the private sector." He also says the housing finance system beyond Fannie and Freddie "is what needs to be fixed next." But there are still more questions than answers about where mortgage banking is headed: What is the Treasury's exit strategy from this mess? What will happen to the secondary mortgage market if, as some have proposed, the government-sponsored enterprises stop being public utilities? FHA requires borrowers to put down at least 3.5 percent to buy a house, but if home prices drop another 10 percent this year (as many housing watchers expect), won't those mortgages be underwater?

"Those of us who have looked to the self-interest of lending institutions to protect shareholders' equity, myself included, are in a state of shock and disbelief."—Alan Greenspan, former chairman, Federal Reserve

So far, the various programs to keep people in their homes have been only modestly effective. HUD's outgoing secretary, Steve Preston, noted in November that the Hope for Homeowners program had received only 111 applications for assistance since its introduction on Oct. 1, and the FHASecure program had helped only 4,000 delinquent borrowers. The federal government's Hope Now Alliance reported that, despite increased loan modification efforts, 180,000 more homes entered the foreclosure process in October. There's also a growing consensus that regulatory reform of the banking system "needs to bring more companies under the federal umbrella and regulate them based on product type, regardless of charter," says Scott Polakoff, COO of the Office of Thrift Supervision. Martin Regalia, chief economist with the U.S. Chamber of Commerce, adds that reform must ensure that all transactions are backed by more capital resources; seamless regulation "that doesn't have gaps in it"; more transparency among lenders and borrowers, and data sharing among regulators; and "a recognition that the [banking] system is worldwide."

FEDERAL RESERVE AND TREASURY DEPARTMENT

Who's Minding the Store?

The Fed's light oversight let financial institutions run amok.

CAUSE: Former Federal Reserve chairman Alan Greenspan's mea culpa for his unrequited trust in the self-regulating powers of capitalism only confirmed the bumbling image of the Fed that its critics have long held. "A cheerleader for imprudence," is what James Grant, the publisher of the influential *Grant's Interest Rate Observer*, called Greenspan. "A source of instability" is economist Bert Ely's take on the Fed. By lowering the federal fund rate 13 times, from 6.5 percent to 1 percent between January 2001 and June 2003, the Fed provided the impetus that drove lenders to sell as many mortgages as possible that could be packaged for resale to investors searching for the next big score after the dotcom meltdown. "The central bank has lurched from one mistake to another," Martin Hutchinson

of BreakingViews.com wrote in *The New York Times*. He blames the Fed's "dual, and structurally contradictory, mandate: Fight inflation and preserve full employment."



EFFECT: The Fed and the Treasury Department, acting in tandem, reacted to a viral credit crisis frenetically. They aggressively provided liquidity to prop up certain financial entities, such as the giant insurer AIG, and encouraged consolidation of the banking and financial services industries. But their decision to let Lehman Brothers fail is generally seen by economists as a major mistake that further eroded confidence about and within the global financial system. To stave off their own demise, bastions of free enterprise such as Goldman Sachs, Morgan Stanley, and American Express agreed to change their identities to bank holding companies and submit their operations and practices to the Fed's presumably tougher regulatory scrutiny in exchange for gaining access to the Fed's borrowing programs. For Goldman and Morgan, that transformation required them to beef up their debt-to-capital ratios to 10 to 1, from 24 to 1 when they fell under the umbrella of the Securities and Exchange Commission.

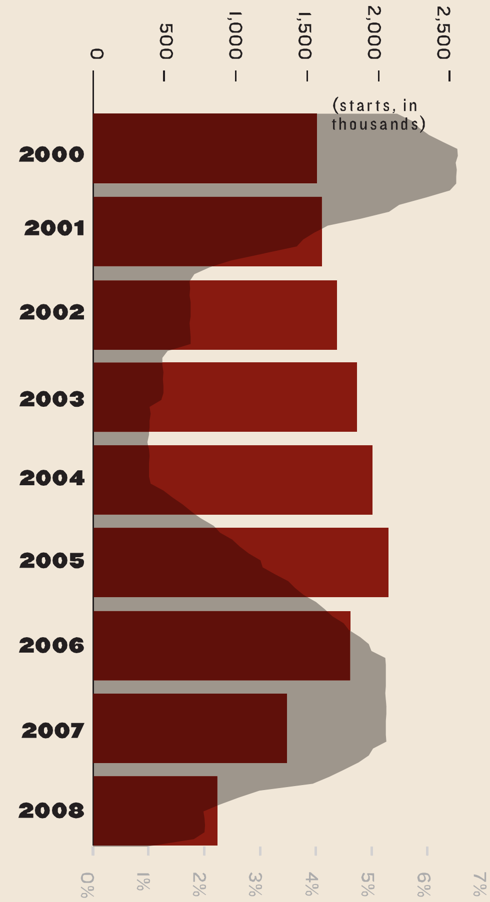
RESPONSE: The Fed and Treasury bit the bullet last September and proposed an $850 billion emergency rescue package (which included the loans to AIG). That plan increased the assets on the federal government's books—as defined by its "reserve bank credit"—136 percent to $2.198 trillion for the week ended Nov. 12, or the equivalent of 15.4 percent of total gross domestic product (GDP) in the second quarter of 2008. But the bailout, which the Treasury and the Fed sold to Congress as a way to stabilize the financial sector by using $700 billion to purchase toxic mortgage-based securities, quickly changed stripes and became a plan to recapitalize banks to free up credit. (The Treasury at first purchased $125 billion in stock from nine banks, and then, in late November, distributed $33.56 billion more to 21 other lenders.) Critics justifiably wondered if Treasury Secretary Henry Paulson knew what he was doing when he admitted that buying mortgage assets was not the most effective way to use government money, and in mid-November redirected the bailout again to spur consumer spending. His maneuvers rankled builders, who felt more abandoned than rescued as Paulson made it clear the Treasury wouldn't use bailout money to prevent foreclosures.

"[I]t is not realistic to expect the Fed to pursue several objectives simultaneously with one blunt instrument [the federal funds rate]. At a minimum, we could charge the Fed or some other entity with issuing warnings that some class of asset prices is getting out of line."—Alice Rivlin, senior fellow, Metropolitan Policy Program, Brookings Institution

THE FUTURE: The Fed was still putting out fires in November and December, when it infused AIG with another $37.8 billion; bailed out Citigroup by injecting $20 billion into that bank and guaranteeing $306 billion of its troubled loans from losses; and lent $200 billion to investors holding small-business and consumer loans. As November ended, the government had guaranteed nearly $8 trillion in investments, deposits, and loans, and had spent $1.4 trillion, according to estimates by *The New York Times*. Fed chairman Ben Bernanke called for newer, less risky forms of government-sponsored underwriting. Others talked about reducing regulatory overlap (banks now answer to the Fed, FDIC, and the Comptroller of the Currency). Indeed, the housing and credit crises could serve as opportunities for the next president to rethink the Fed's future role. Alice Rivlin of the Brookings Institution believes the Fed "need[s] to be more creative about curbing asset bubbles." Grant wants the Fed to fight inflation and dollar depreciation, period. But former Fed chief Paul Volcker, one of President-elect Barack Obama's economic advisors, wants the government to pump more money into infrastructure. What shouldn't happen, says James Chessen, the American Bankers Association's economist, is for turmoil to lead to "inundating" all banks with more regulation in the name of safeguarding the economy. *(see page 136)*

Easy Money

Lowering interest rates encouraged more home purchases.



SOURCES: U.S. CENSUS BUREAU AND FEDERAL RESERVE

THE WRONG SIGNAL: By keeping borrowing rates low, the Federal Reserve helped inflate the housing bubble. But with the Fed funds rate now near zero, its effectiveness as an economic lever is badly tarnished.

"A new Fed statute might give collective control to the states, making the Fed more independent. With protection from political meddling, the Fed would find it easier to fulfill the new mandate [to maintain stability in the general price level], however unpopular the necessary steps might be. Since its anti-inflation goal would take away its ability to create money arbitrarily, the Fed could not blow financial bubbles."—Martin Hutchinson, correspondent, Breakingview.com

Snapping the Credit Line

Banks lose faith in builders as partners, and vice versa.



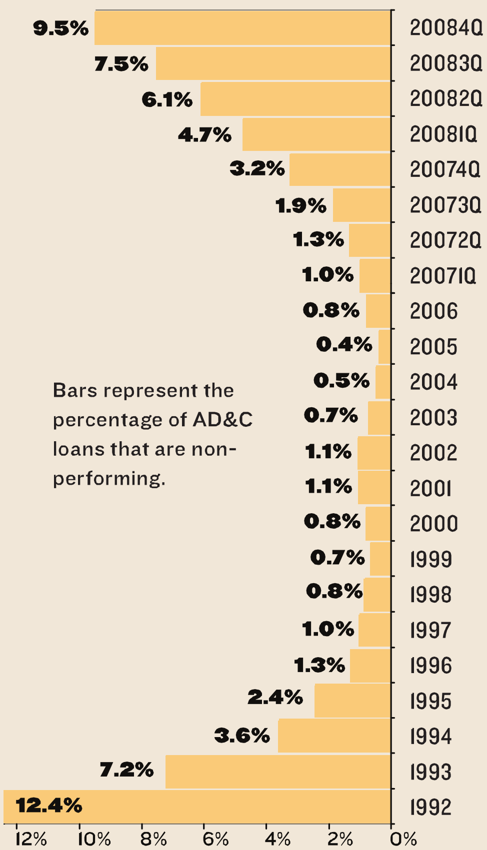
"It's a panic environment and a total seizure of all credit. The thinking is that no sector of the economy in America is worthy of investment. That's crazy."—Guy Cecala, publisher, Inside Mortgage Finance Publications



"It's not like we're sitting here and saying 'no more AD&C loans.' The problem is that almost every market is overbuilt."—R. Bird Anderson, senior vice president-home builder banking group, Wachovia

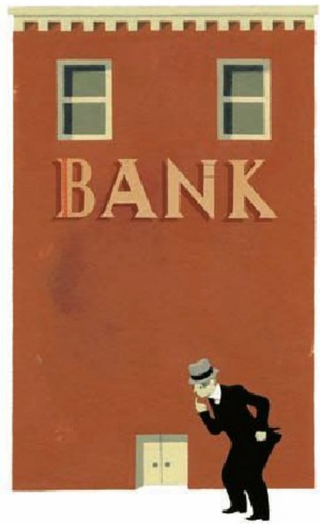
Collateral Damage

Falling asset values undermine construction loans.



SOURCE: ZELMAN & ASSOCIATES

DRIED UP: As real estate prices plunged, builders' AD&C loans backed by those assets went underwater. Banks lost faith in builders as investment partners and have all but stopped lending for purchases or building.



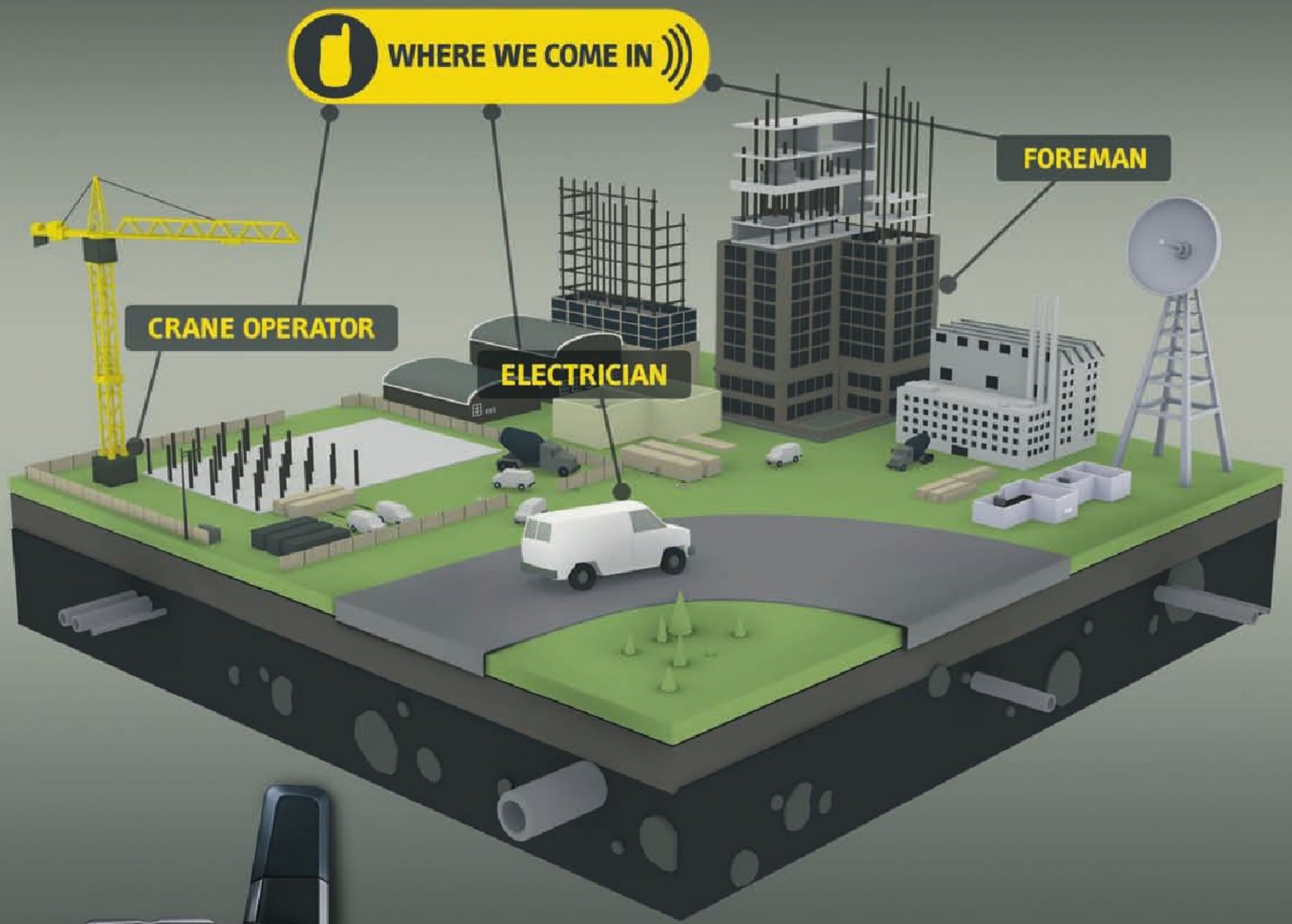
CAUSE: As revenue evaporated and asset values sank, builders struggled to service their credit lines and construction loans more than at any time in the last 15 years. Zelman & Associates projected that 9.4 percent of all Acquisition, Development, and Construction (AD&C) loans would be nonperforming at the conclusion of 2008. That estimate comes close to the 12.4 percent of AD&C loans that were nonperforming in 1992, the last time the housing industry tumbled into recession. While such loans account for less than 9 percent of lenders' portfolios, banks with their own problems became less disposed to humor builders' optimism about building themselves out of the ditch they've found themselves in. One lender put it bluntly when he told BUILDER recently that "we can no longer ignore credit defaults."

EFFECT: The deterioration in the credit markets fractured long-time relationships between builders and banks as lenders effectively shut off access to AD&C loans and in several cases discontinued credit lines even to builders that were current on payments. In late November, the NAHB complained that builders were being forced to halt construction and were losing sales as a result of failed banks being taken over by FDIC. The Florida HBA held a statewide news conference to decry what it saw as draconian measures by lenders that were driving builders to the brink of bankruptcy or liquidation. Trammell Crow Residential's CEO Ron Terwilliger says his company is being asked to put up 35 percent equity for its rental projects. "The borrowing spreads also have widened to 300 basis points" from 150 points before the meltdown. In many cases, the banks have had little choice. "Some of our members are feeling pressure from bank assessors [to clean up their balance sheets], especially on construction and real estate loans," says Ann Grochala, vice president of lending and accounting policy for the Independent Community Bankers of America. This lack of credit left many builders wondering if they could get through the winter months intact.

RESPONSE: There was growing evidence that more banks were pulling away from offering AD&C loans. For example, Dallas-based Comerica reduced its portfolio with California builders to $625 million as of Sept. 30, 2008 from $925 million on Dec. 31, 2007. "Right now, I don't have the capital or risk-return opportunities that I had a year ago," says R. Bird Anderson, a senior vice president with Wachovia, which itself needed a life raft to stay afloat by being acquired by Wells Fargo. Anderson noted in November that while banks' exposure to AD&C loans was down 20 percent from the peak in 2007, the housing market itself was down 40 percent to 50 percent, so reducing that exposure further "could have a ways to go." Any project loans Wachovia did transact were structured to require more equity and to weigh risk more carefully. Some builders looked to tap into new cash streams, recognizing that private equity money has more strings attached to it.

THE FUTURE: "It is incumbent on borrowers to realize that the way loans were written 12 to 24 months ago is never going to return," warns Scott Polakoff, COO of the Office of Thrift Supervision. Still, he recommends that builders maintain "an open dialogue" with banks, even if they've been cut off, because "this will turn around." But don't expect banks to start writing checks any time soon, says Dana Johnson, Comerica's chief economist. "Time has to pass, and markets have to clear. Our lending standards will stay high until we see evidence that the economy is getting better." *(see page 138)*

Sprint





From the ground up is not a metaphor here. You start with a site and truckloads of supplies, then add a ton of complex and physically demanding labor. When you're finished, you've got offices, houses and schools. Basically, civilization.

Nextel Direct Connect® lets you coordinate crews on the fastest national push-to-talk network connecting the world's largest push-to-talk community, keeping projects on track and on schedule. And phones like the new Motorola i576 are built to tough 810F Military Specifications to survive job sites.

Nextel Direct Connect. Only on the Now Network.™

To see Nextel Direct Connect in action, go to ***sprint.com/nextel***

1-800-SPRINT-1

Visit us at booth C4291

THE INTERNATIONAL BUILDERS' SHOW

"Fastest" claim based on initial call setup time. Coverage not available everywhere. Nextel National Network reaches over 274 million people.

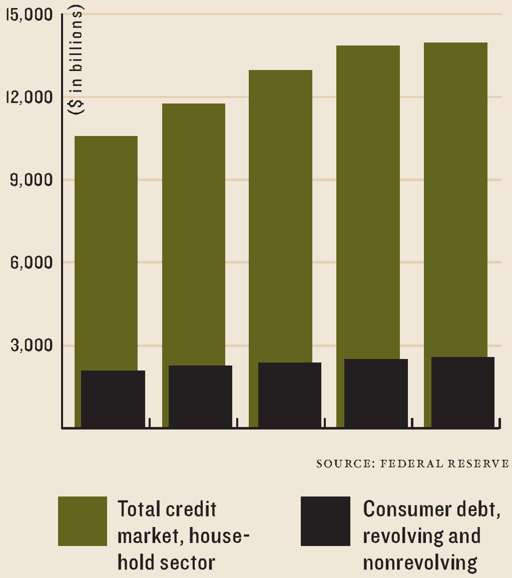
Go to http://builder.hotims.com for more info

Beyond Their Means

Debt gives Americans a false sense of prosperity.

Free Spenders

Consumers use debt to raise their standard of living.

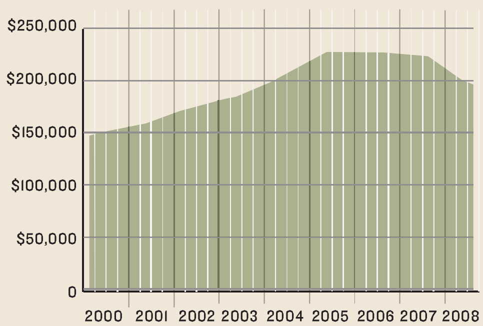


SOURCE: FEDERAL RESERVE

PAY LATER: Debt became as American as apple pie, as the credit market for the household sector of the U.S. economy rose by nearly one-third between 2004 and 2008, and consumer credit during that period jumped 25 percent.

Rising Tide

Home prices spun out of control.



SOURCE: NATIONAL ASSOCIATION OF REALTORS

OUT OF REACH: The availability of credit gave home sellers license to jack up prices to unprecedented levels. From the first quarter of 2000 through the third quarter of 2005, median existing-home prices soared by nearly 62 percent, from $140,600 to $227,600. New-home prices followed with a vengeance, and many builders forgot about first-time buyers.



CAUSE: Consumer spending accounts for roughly two-thirds of America's GDP. But throughout the past two decades, household incomes have stagnated and consumer spending increasingly has been fueled by debt. Kathleen Keest of the Center for Responsible Lending notes that the ratio of household debt to income, which was at 24 percent in 1975, spiked to 167 percent in 2007. CardWeb.com, citing Federal Reserve data, estimates that revolving credit, mostly credit-card related, climbed to an annualized level of $971.4 billion in September, 29 percent higher than in 2000. This addiction to debt has had an insidious effect on consumer savings, which through the 1980s hovered around 9 percent of GDP but are now below zero percent. When consumers got whacked with rising gas prices and sinking home values, the harsh reality of profligate spending took hold.

EFFECT: People stopped buying; companies laid off workers. The U.S. lost 1.9 million jobs in 2008 through November, when the unemployment rate rose to 6.7 percent. The four-week average for first-time claims for unemployment insurance rose to 524,500 during the week of Nov. 22, the highest number in 26 years, according to Labor Department estimates. The fear of losing one's job further froze consumer spending to the point where home builders simply could not induce buyers to come off the sidelines with pricing that, in several markets, had fallen below construction costs. And businesses directly impacted by the housing and credit crises—such as Circuit City, Linens 'n Things, and Stock Building Supply—faltered. Auto makers that, in recent years, had become symbols of America's declines in unionism, manufacturing, and innovation, teetered on the brink of bankruptcy and were begging for a federal handout.

"For the better part of the past two decades, Americans have been living in a state of willful optimism about our financial future. Our binge of optimism has been followed by bouts of deep pessimism, which is a dangerous combination. Finding a middle ground—in which we neither hoard our way into a deep recession nor spend our way into bankruptcy—will not be easy. But it's also not impossible. Economic mores can change. —David Leonhardt, economics columnist, *The New York Times*

RESPONSE: The federal government's attempt to jump-start the economy by giving 130 million taxpayers $120 billion in rebates last spring did little to halt the downturn. Even home-purchase borrowing rates dropping below 5 percent in early December provided little stimulus. Consumer spending wouldn't get cheaper, though, as the credit-card companies raised their interest rates and lowered consumers' spending limits. Treasury Secretary Henry Paulson shifted the emphasis of the federal bailout toward consumers on Nov. 12, when he stated that his department was turning away from purchasing mortgage-backed securities and toward helping nonbank financial institutions and consumer finance companies. By the end of the month, the government had invested $200 billion more into its Term Asset-Backed Loan Facility, which lends money to investors holding securities backed by consumer- and small-business debt, hoping they'd reopen their spigot.

THE FUTURE: Is the age of conspicuous consumption finally coming to an end? At the least, Americans will need to make do with less, as banks—which might need *(see page 140)*



Home fire sprinkler systems are now required in over **200 municipalities** in the U.S. and the list is growing … *rapidly*. Communities want to protect residents and save lives. The Rapid Response™ system can help you do that while maintaining profitability, minimizing labor costs and differentiating your business.

Thanks to our exclusive **Rapid Response Contractor Program**, we're here to support you with:

- Lists of experienced residential sprinkler contractors
- Research-based marketing materials to educate new home buyers
- Information on "trade ups" that you can use to increase land use and decreases development costs

You'll discover that, for less than the cost of many typical upgrades, you can offer unsurpassed protection and peace of mind to buyers while winning business for yourself.

Go to http://builder.hotims.com for more info

See us at the International Builders' Show, booth N1513

PREFERRED CONTRACTOR

For more information or to locate a "preferred" installation contractor in your area, visit www.tyco-rapidresponse.com, or call 1-877-438-8926.

HOME SAFETY COUNCIL

Member NAHB

NCHI National Council of the Housing Industry — The Supplier 100. of NAHB

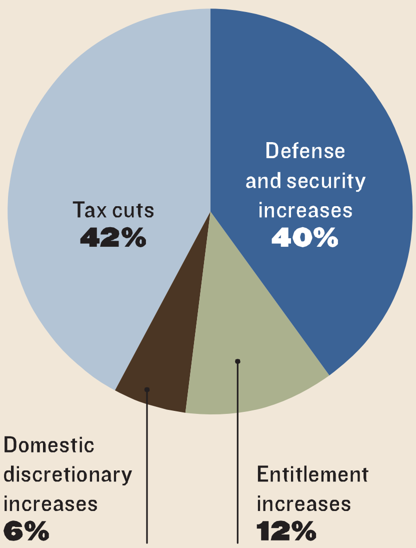
tyco

Fire & Building Products

"We have had massive, massive government intervention in ways that are beyond my imagination. Confidence ought to have returned but confidence has not returned. We still have a clogging of the flow of credit. This is not a technical problem, but it's a serious problem, one of confidence and trust."**—Paul Volcker, former Federal Reserve chairman, speaking at the Urban Land Institute's conference in Miami**

Spending Beyond Its Means

Deficit spending puts governments behind the eight ball.



SOURCE: CENTER FOR BUDGET AND POLICY PRIORITIES

NOWHERE TO TURN: Even before the latest financial crisis, the government was writing checks its coffers couldn't support. This chart uses Congressional Budget Office data to show increases in spending, tax cuts, and entitlements between 2001 and 2008. The federal deficit is projected to exceed $1 trillion in fiscal 2009, which leaves little room for funding new programs or relief for states running high deficits of their own.

to write off as much as 10 percent of their credit-card debt in 2009, according to estimates by the research firm Inovest Strategic Value Advisors—lick their wounds and tighten their credit requirements. Home values will eventually settle at levels substantially below what the same houses were worth only a few years ago. In October, consumer spending fell by 1 percent, the largest decline since 2001. But will consumers see the long-term virtue in saving? Home builders can only hope so, because coming up with a down payment "is still the largest barrier to homeownership," says the NAHB chief executive Jerry Howard. And a financial behaviors index, which the financial services firm First Command Financial started publishing last February and bases on its polling of 1,000 households, found an unexpected rise in consumer thrift in September, where a typical family had saved $901 and paid down $1,010 in debt that month. "Americans are realizing that a long-term view is necessary," says First Command's CEO Scott Spiker.

TAX POLICY

Tapped Out Cash-strapped states can't rely on housing-related revenue as they once did.



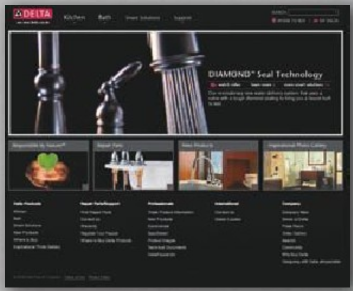
CAUSE: The collapse of the housing and credit sectors dragged down the economy to depths few could have imagined and dumped the U.S. into a recession whose immediate outlook is bleak. Rising unemployment, failing businesses, and falling property values continue to shrink tax revenues collected by local, state, and federal governments that already face daunting budget challenges. Attempts to revive the patient last spring through a stimulus package that included a $7,500 tax credit to first-time home buyers in the form of an interest-free loan did not produce the intended result. Meanwhile, both presidential candidates tripped the light fantastic by promising sizable tax cuts, vague spending controls, and delusional first-term balanced budgets.

EFFECT: As president, Barack Obama must craft a tax policy that grapples with a $10.3 trillion debt (nearly $3 trillion of which is owed to foreign investors and banks), and a budget deficit in 2009 that is projected to exceed $1 trillion, substantially more than double last year's deficit. The federal government is also likely to be called upon to provide more assistance to state governments, at least 41 of which will struggle with budget deficits this fiscal year or next, according to the Center for Budget & Tax Priorities. The budget gap in New York alone for fiscal 2009–2010 is projected to hit $11.2 billion without revenue gains or spending cuts. In early December, California's Gov. Arnold Schwarzenegger declared a fiscal emergency for his state to close a budget gap projected to grow to $28 billion over the next 18 months. Tax credits for affordable housing projects are also drying up in places such as New York City.

"We need a rescue package for the middle class that invests in immediate efforts to create jobs ... and a stimulus plan that will jump-start economic growth."**—President-elect Barack Obama**

RESPONSE: As of late November, President-elect Obama's economic team reportedly was putting together a stimulus package that contains more than $500 billion in federal spending and tax cuts over the next two years, with the primary goal of creating 2.5 million jobs during that period. But Obama has also laid out an ambitious—and potentially expensive—agenda for his first term that includes expanding health care and *(see page 142)*


© 2009 Masco Corporation of Indiana
And here.
MagnaTite™ Docking Technology
And here.
Touch2O™ Technology
And here.
Touch-Clean® Technology
And here.
DIAMOND™ Seal Technology



"We screw up tax policy beyond belief when we use it to fix things. Taxes are collected to run the government, and everything else should be secondary. I might support some kind of home-purchase credit to unclog the system, but it's not good tax policy."**—Martin Regalia, chief economist, U.S. Chamber of Commerce**

"The Bush administration made shopping and tax cuts the official macroeconomic policy of the U.S. America will sooner or later have to overcome its extreme allergy to taxation at a time when the government is hemorrhaging in deficits and when urgent public needs go unfulfilled."**—Jeffrey Sachs, author, Slate's TheBigMoney.com Web site**



"Builders are wrong to place housing over infrastructure. There's no sense building homes over sewers that don't work."**—Bill Hudnut, former mayor, Indianapolis, and senior fellow, Urban Land Institute**

spending $15 billion per year on developing alternative energy sources. Obama sees massive investment in infrastructure construction and repair as the clearest path toward creating new jobs at a time when the U.S. unemployment rate is marching toward 8.5 percent sometime in 2009. During his first press conference as president-elect, he called on Congress to pass a second stimulus package, which he said was "long overdue." Obama spoke then about helping families avoid foreclosure but spent as much time talking about saving the gasping automotive industry.

THE FUTURE: In November, the housing industry pitched Congress on a $268 million stimulus package that includes a tax credit up to $22,000 for all home buyers and a steep buydown of mortgage interest rates. Public builders would also like to be able to write off current losses against past profits further back than two years. But in the market of diminished resources, the industry's priorities are a much harder sell, especially when some critics question once again how lawmakers can justify the $100 billion in annual mortgage interest deductions that the IRS allows homeowners. That deduction—which the NAHB's CEO Jerry Howard calls "the holy grail" and "one of the reasons America is the best-housed nation in the world"—is also seen as symbolic of how "tax policy grossly favors homeownership," says economist Bert Ely. Ron Terwilliger, of Trammell Crow Residential, calls the mortgage deduction allowed for second homes "a disgrace" and the deduction on all homes up to $1 million "ridiculous." The NAHB might sanction a tax credit over the deduction, says Howard, as long as it didn't translate into reduced benefits for homeowners. **B**

FOOD FOR THOUGHT

There has been no shortage of opinions about what the U.S. needs to do to pull its economy out of the fire it's in right now. And the government's response to this crisis has been surprisingly—if often alarmingly—freewheeling, as if it is willing to try just about anything that might work. The following are ideas (some fanciful) that might actually benefit home builders and their customers.

■ **Barry Zigas**, director of housing policy for the Consumer Federation of America, thinks that giving judges the authority to modify loans—which was pulled from the federal bailout at the last minute—should be reinstated, in part because he believes that adjudicating modifications would remove two major obstacles: the threat that investors will sue if the terms of the mortgage are altered to their detriment, and the problem of trying to unravel a mortgage that's been securitized and resold.

■ **Bert Ely**, a Virginia-based economist, thinks the premise of mortgage securitization itself "has it backwards." He advocates a more efficient system that would move large amounts of capital directly to originators. Like several other sources, Ely also favors covered bonds as an investment instrument because their risk remains on lenders' books and must be backed by a solid mortgage.

■ **Scott Polakoff** of the Office of Thrift Supervision (OTS) thinks a solution to keeping more homes out of foreclosure could be a negative equity certificate, which OTS proposed about a year ago. Loans that have been securitized would be modified to the point where the borrowers can actually pay them. But the lowered principal would not be forgiven, and a portion of a resale would go back to the lender. Polakoff says the problem with FHA's version of this is that it splits the proceeds of a resale with the agency, not the servicers "that [consequently] need to be motivated to participate."

■ **The International Monetary Fund** identifies real estate in Australia as being among the world's priciest, and that country's housing market is certainly bubbly. But homeowners there are a lot less likely to walk away from underwater mortgages because loans in that country are full recourse, meaning that if borrowers default and their property value doesn't cover the debt, they are on the hook for the shortfall and the laws favor lenders that go after them. Consequently, Australians are more careful borrowers than Americans.

■ **Peter Cramton and Larry Ausubel,** two economics professors at the University of Maryland, have a solution to get toxic mortgages off of the books of financial institutions: a "reverse auction," with one buyer (the federal government) and many sellers (the lenders). Each seller would offer a "bid" price that would generally reflect how badly they want to sell. The government would have to figure out which price to accept that protects taxpayers' interests but isn't so low that it breaks the banks. Plus, there are literally thousands of types of mortgage-based securities. But Cramton and Ausubel think such an auction could be an efficient way to set the prices for these troubled assets and transact their sale.

■ **The federal government** for decades has paid farmers not to grow crops to control supply, demand, and prices. Why not subsidize builders temporarily when the supply of unsold homes exceeds 10 months? Most experts, of course, would say such a plan would be impractical and wildly expensive: Even at November's paltry annualized rate of 625,000 housing starts, if all those new homes sold at the median price of $218,000, the industry's revenue would equal $136 billion. But if builders curtailed that production to, say, one-tenth of current levels for two or three years to flush out the overhang and foreclosures, how much would they need to stay in business and keep some employees working?

UPlink // VISIT WWW.BUILDERONLINE.COM/BUSINESS FOR MORE NEWS ABOUT THE HOUSING AND CREDIT CRISES.


20 YEAR WARRANTY
American Made
MONTAGE®
by AMERISTAR®
www.MontageFence.com
American Owned
E COAT
Quality Fences for Quality Homes
• Maintenance-Free Finish
• Reliability & Strength
• Customer-Friendly Price
Visit Us At International Builders Show - Booth #N307
Call Toll-Free 1-866-702-3192 (9 AM – 6 PM EST Monday – Friday) or visit www.MontageFence.com


MEGANITE™
Acrylic Solid Surface
The greatest collection of best selling countertop colors in the industry!
Great Colors
Great Performance
Great Savings
Solid Surface designs that represent the industry's most sophisticated and popular colors. With MEGANITE, you can realize huge savings when compared to other brands without sacrificing quality or limiting your choice of colors.
Up to 40% less than other brands!
Solid Surface MEGANITE Products
NSF
GREENGUARD
MEGANITE, INC.
1254 E. Lexington Ave., Pomona, CA 91766 • 800-836-1118 • www.meganite.com


SUBSCRIBE TO
Builder
Now is the best time to stay informed of industry news – by subscribing to Builder.
Builder
Cottage Industry
Small Homes Loom Large in Today's Market
Builder
DESIGN
WHERE THEY STAND: ELECTION 2008
Natural Beauty
GO TO
www.omeda.com/bldr
or call toll-free 1-888-269-8410


Building green...
the way it should be.
Cost-effective, flexible, sensible.
Make your homes greener and more energy-efficient. Find out about NAHB's National Green Building Program at www.nahb.org/greenbuildingprogram.
Finally, there's a solution that makes sense for you and your buyers, and it's coming soon.
NAHB NATIONAL GREEN BUILDING PROGRAM™
BUILDING BETTER BY BUILDING GREEN
NAHB
NATIONAL ASSOCIATION OF HOME BUILDERS

These days, every builder in business is a gambler. What are your best bets for success in the new year?





NINE on DESIGN

BY JENNY SULLIVAN

JUST TRY TO HAVE A DINNER TABLE CONVERSATION WITHOUT MENTIONING THE economy, energy prices, or global warming. These top-of-mind issues will also affect what our nation's homes will look and feel like in the near term. Though the market is still hurting, some would argue that's when good design and planning matter most. Design isn't a panacea for all that ails us, but it can be an effective catalyst for reinvention. BUILDER asked nine leading architects to weigh in on the housing changes we need and the realities we can't avoid.

Conservation Nation

CONSERVING ENERGY IS CHEAPER THAN producing it, and energy efficiency starts with economical design. (You can have the best solar panels on the market, but the extra power they produce will be negated if your windows leak or your attic structure isn't well-insulated.) Concerns about life-cycle costs are driving greater planning attention to solar orientation, natural ventilation, centralized HVAC systems with shorter mechanical runs, and tighter building envelopes—not to mention the preservation of old-growth trees, which provide shade in summer and allow for heat gain in winter when they lose their leaves. "Developments manufactured by D-9's scraping the land barren and clean are on the outs," says architect Carson Looney, a principal with Memphis, Tenn.–based Looney Ricks Kiss Architects and Planners.

Consumers clearly have joined the conservation bandwagon, too, according to the American Institute of Architects (AIA) Home Design Trends survey, which tracks the nature of projects in the pipeline and the kinds of things clients are asking for. One recent survey found demand for tankless water heaters up 16 percentage points over 2007 (from 72 percent to 88 percent) and requests for extra insulation up 12 percentage points (from 56 to 68 percent) while interest in hobby and game rooms fell 15 percentage points.

"In any recession or depression, the perception of value shifts from creating curb appeal to making existing homes work," says Madison, Conn.–based architect Duo Dickinson. "The focus is now on real costs, long term, meaning low maintenance, low tax burden, and low energy use."

Attached is Hip

THERE ARE LOTS OF REASONS TO LOVE an attached home, provided it's in the right spot. Shared walls reduce energy consumption, and higher density keeps prices affordable while providing the critical mass necessary to support public transit and mixed-use retail. It's no wonder condos, townhomes, lofts, and stacked flats are still moving in some markets while single-family home sales remain stagnant.

"A significant number of people are switching from single-family to multifamily—this is borne out in the housing figures," observes Philadelphia architect Jim Wentling, who designs house plans in addition to project work. "In multifamily, we're seeing more [small footprint] designs that place garages on the first floor with two living levels above. This is a very economical plan to build per square foot. It's been found mostly in cities, but you can expect to see more of this emerging in the suburbs as areas around transit get built up. We're also seeing a resurgence of townhouses with grade-level parking instead of integrated garages—obviously for cost reasons."

ILLUSTRATION: LONNIE BUSCH

What's Hot? What's Not?


CARSON LOONEY

◀ **OUT:** Biggie-sized developments and homes sold by the pound
IN: Quality over quantity

OUT: Too much of any one price point in any one area or development
IN: Mixed-income neighborhoods offering different product types and price ranges

OUT: Houses of seven or nine or 13 gables
IN: Simpler, more economical roof and building forms


KEVIN DEFREITAS

◀ **OUT:** Ostentation
IN: Modesty and restraint

OUT: Complete deference to the automobile
IN: Greater planning emphasis on bikes, alternative forms of transportation, and the pedestrian experience

OUT: Lawns with blanket sprinkler systems in the South and West, where water resources are scarce
IN: Low-flow plumbing fixtures, appliances, and landscaping irrigation systems tied to native xeriscaping


BILL KREAGER

◀ **OUT:** Driving to qualify
IN: Smaller, more affordable housing options close to work and play

Cue Urbanism

Volatile energy prices and plunging consumer confidence have made those trophy homes out in the exurbs about as popular as the SUV that gets 15 miles to the gallon. There are still signs of life in the market, but they tend to be closer in—notably, in revitalized urban areas and first-ring suburbs offering smaller homes near transit, schools, and entertainment districts. When it comes to affordability, mortgage plus transportation is the new metric, and location has never been more important.

"More people are choosing to live within mixed-use communities where essential services such as grocery stores, schools, churches, restaurants, parks, and, hopefully, work are within walking distance," notes Catherine Benotto, a principal with the Seattle-based architecture and planning firm Weber Thompson.

The gravitational pull of hub cities has also increased with the rise in environmental regulations and municipal incentives to encourage smart-growth infill, adaptive reuse, and brownfield or grayfield redevelopment, notes San Diego architect Kevin deFreitas. "Large, low-density developments that are not accessible to public transportation and work centers are becoming dinosaurs," he says.

Predictions that baby boomers would repopulate the urban core have so far proved unfounded, but other demographic groups could fulfill the prophesy, and soon. In a recent study by Robert Charles Lesser & Co., 77 percent of Generation Y buyers (who are poised to enter the home buying market around 2012) said they prefer to live in an urban setting.

And Downsizing for All

The average American house expanded from 1,660 square feet in 1973 to 2,459 square feet in 2006, but that growth spurt appears to have maxed out. NAHB staff vice president for research Gopal Ahluwalia predicts the size of the average home will ratchet down to 2,330 square feet by 2015. In short, says Orlando, Fla., architect Geoffrey Mouen, "Small is in."

The square-footage diet may be a reaction to conspicuous consumption, sure, but the credit crunch has also left buyers able to afford less, and families are generally skewing smaller (fewer kids, more retirees, delayed marriages, more divorces). Single women now account for nearly a quarter of all home buyers, and the average U.S. household is just 2.6 people, according to Census figures. Factor in increased demand for maintenance-free living and lower utility bills, and you've got yourself a recipe for a much smaller house.

"No matter how green, smart, and energy efficient a home is, it is still more economical to heat and cool a 2,000-square-foot house vs. a 4,000-square-foot house," observes Rick New, an architect with DTJ Design in Boulder, Colo.

Mighty Morphers

Houses are shrinking, yes, but versatile plans are also allowing them to do more with less. Gone is the prodigal proliferation of single-use spaces that do little more than collect dust 90 percent of the time (think formal dining rooms, butler's pantries, second prep kitchens, and media rooms with theater-style seating). Today's casual, compact homes are multipurpose and can flex easily between functions. With the right design, one workhorse of a kitchen can serve everyday family needs as well as parties, and one flex room can serve as a home office, library, music studio, and/or guest bedroom, notes Orlando, Fla.–based architect Ed Binkley, national design director for BSB Design.

Although floor plans are generally in economy mode, Binkley does predict the emergence of one new feature—an oversized laundry or hobby room as a spin off from the kitchen. "This room becomes an extension of the social center for the family," he explains. "Dad's cooking and mom's folding laundry or framing pictures while helping the kids with homework. Dinner prep and nightly chores are two necessary activities that can involve family interaction." Where will the space for this add-on come from? "Making kids' bedrooms proportionately smaller," Binkley says. "When they have a desk, TV, computer, and play area in their rooms, they never come out, and that's not good."

Universal Truth

BABY BOOMERS ARE TURNING 60 AT A rate of one every eight seconds. The number of Americans age 65 or older will reach 70 million by 2030, and with the wonders of modern medicine, they will likely live a long time. Many industry observers are predicting universal design as the next big wave to affect building codes, after the green building movement. "Visit-ability" ordinances requiring accessible home features have already been proposed in some jurisdictions.

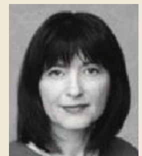
Builders looking for the next big opportunity may be wise to anticipate what livable homes for older people will need to look like: single-story or master-down living, wider hallways and doors, better lighting, and ergonomically designed kitchens and bathrooms. One recent poll by AARP found that one in four baby boomer households expect to move from their current home in the future, with the majority looking for single-level living that is more comfortable or convenient. Of those who said they expected to move, 59 percent said they planned to look for a home all on one level. Half said they'd look for a newer home or a smaller home.

Jewel Boxes

WITH THE ARRIVAL OF THE SMALL-HOUSE movement, builders are sharpening their focus on quality over quantity. Features once seen only in large, luxury homes are now popping up in much smaller quarters. Among them: fine millwork and trim detailing; built-in shelving and storage systems; natural materials such as hardwood and stone; and small but nicely amenitized outdoor living spaces. "I'm also seeing more strategically placed sconces versus carpet bombing cans," says Dickinson.

If those sconces are handmade, even better. Chalk it up to a desire to support the local economy or a reaction to the cookie-cutter sameness of production housing (which many blame for the current recession), but more builders are taking risks and incorporating small, homespun accent pieces by local artists, even in lower-budget projects. "Perhaps the handmade aesthetic is a reaction to mass-produced ubiquity," says deFreitas. A custom door handle, fireplace mantel, or light fixture goes a long way to create meaning and personality in a small space.

What's Hot? What's Not?



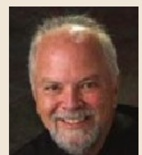
CATHERINE BENOTTO

◀ **OUT:** Developers using highway infrastructure and site grading (the flatter the better) to evaluate potential development sites
IN: Developers using WalkScore.com to evaluate potential development sites



DUO DICKINSON

◀ **OUT:** Faux stucco, painted wood, plywood, and carpeting
IN: Long-life materials that are not surface dependent, such as solid wood, vinyl siding, and wood flooring



ED BRINKLEY

◀ **OUT:** Three or more different eating spaces
IN: Two are usually enough

OUT: Oversized lots that require a lot of maintenance
IN: Shared community gardens, parks, and passive amenities

A More Diverse Union

HOMOGENEOUS, SINGLE-USE NEIGHBORHOODS with houses all the same size and price have always been the norm in the 'burbs, but that's changing as more U.S. households qualify as "alternative." Change agents may include relocating retirees who want to continue living near their grandkids (albeit in a small condo); or the divorced single mom who wants to leave the big house, but not the school district.

Thanks to zoning reform, neighborhoods are becoming more eclectic and are welcoming a greater variety of housing types and price ranges within a small radius—be they stacked flats over retail, duplexes on single-family lots, super skinny row homes with tiny footprints, live/work lofts, or rental carriage units above single-family detached garages. Builders and developers are increasingly looking at small, hybrid housing types such as these to squeeze extra density (and profit) out of an odd-sized parcel of land, a foundation that's already poured, or unused "air space" above a commercial district.

Green Esteem

SUSTAINABLE HOMES ONCE wore their mission on their sleeves (think prominent solar panels or pragmatically unpretty rammed earth walls), but today's eco residences aren't forced to trade aesthetics for virtue, thanks to new materials such as integrated photovoltaic roof tiles, warm compact fluorescent lighting, permeable paving materials, and underground cisterns. That Victorian or Georgian residence on the corner might very well be the greenest home on the block.

It's fair to say that green has finally gone mainstream. According to NAHB estimates, green building is expected to become a $60 billion market by 2010, with green housing constituting roughly 10 percent of all U.S. homes. "Energy-efficient, high-performing homes will be the norm for all income levels," architect Catherine Benotto predicts. And carbon footprint assessments (based on a project's proposed location, proximity to transit, building materials, and operational energy/waste) will become integral to permitting.

"The argument that sustainable design is not important to the home buying public doesn't hold up anymore," adds Bill Kreager, a principal with Seattle-based Mithun Architecture and Planning. "Denial will get you nowhere. Green is the new black." **B**



BATTENING DOWN THE HATCHES

Builders downsize their offerings, shift their focus—and hang on for dear life.

BY TED CUSHMAN

The results of Builder's 2009 "State of the Industry" survey are in, and they show an industry grappling with the toughest times builders have faced in decades. Across the board, companies are smaller, prospects are bleaker, and the mood is decidedly darker. From solo operators to big publicly held firms, companies are cutting staff and shifting focus to whatever strategies will keep them afloat. But 2009 promises a rough ride for everyone—and many builders say that simply staying in business will be a major accomplishment.

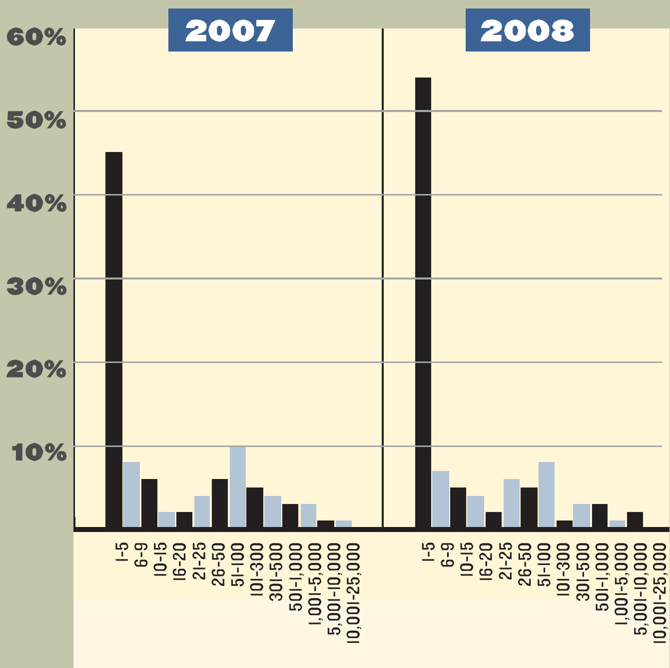
SHRINKING VOLUME

Compared to 2007's data, one change stood out in 2008: Across the board, companies are smaller. Reflecting a national crash in building activity (starts in October 2008 were down 40 percent from October 2007), the proportion of builders in our survey who reported starting fewer than five homes has swelled from 45 percent to 54 percent. The percentage of builders who started 20 homes or fewer is now at 70 percent, up from 61 percent a year earlier.

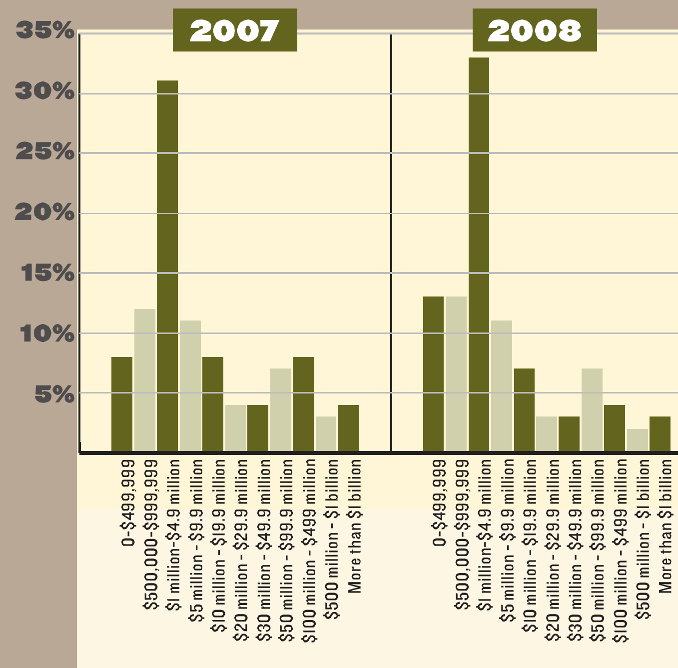
Dollar-volume changes mirror the results for home starts: From the largest firms to the smallest, everybody is earning less. Only 8 percent of *(see page 152)*



HOW MANY NEW HOMES WILL YOUR COMPANY START?:



WHICH OF THE FOLLOWING BEST DESCRIBES YOUR COMPANY'S TOTAL ANNUAL REVENUE?



DOWNWARD SPIRAL: Crashing numbers for new-home starts are affecting company activity and income, our survey results show. Left, the proportion of survey respondents who are starting fewer than five homes has risen sharply between 2007 and 2008. Right, more companies report incomes of $5 million or less, and fewer report grossing more than $20 million.

respondents in 2007 reported less than a half a million dollars in receipts, but by 2008, that proportion had jumped to 13 percent. In 2007, 62 percent of respondents grossed less than $10 million; in 2008, that share had grown to 70 percent.

CUTTING STAFF

Personnel cuts show a similar pattern of drastic downsizing. In 2007, 44 percent of companies reported laying off staff, while 9 percent had boosted payrolls. This year, job losses are accelerating: 57 percent of companies now say they have laid employees off, while only 3 percent report adding workers. The layoffs are changing the face of the industry: Firms with only a handful of workers now make up a larger segment of the total, while the ranks of companies that employ hundreds are thinning. In 2007, 51 percent of respondents reported having five or fewer full-time employees; in 2008, that proportion was 57 percent. At the other extreme, companies employing more than 50 people made up 22 percent of the firms in 2007; by 2008, their share had shrunk to just 14 percent.

THE OUTLOOK

As their firms scale back, builders are taking a gloomier view of the overall economic situation. In the rear-view mirror, 2007's majority prediction of a rebound in 2008 seems almost naïve. This year, 37 percent of builders think the market will touch bottom in the first half of 2009 and 26 percent in the second half of 2009, but 14 percent expect the slump to continue until 2010.

BEYOND THE NUMBERS

In survey comments and phone interviews, Builder readers describe a situation that has grown increasingly difficult. A small upper Midwest builder remarked, "We are currently out of ideas. This area continues to experience huge job losses without anything new to create jobs." Commented another small builder, "I am down to a one-man show with no money." Another said simply, "Nothing is working."

Medium-sized builders showed a similar fatalism. One owner of a company in the $20 million range said, "If you were caught with a large inventory of lots, there is not much you can do." Said another, "We are competitive, but if there are zero buyers, it does not matter."

In a broad, diverse industry, builders have never been a monolithic opinion group. Now, with markets shrinking, divided attitudes are bubbling to the surface. In a small North Dakota town, where an oil boom supports a hot local housing market, one small builder complains about newcomers flooding in from slower areas: "They come in and take over, pull inventory from out of town, get all the subs tied up, bring in their own subs, and still build homes that are put up so fast—what will happen to them when the contractors decide to hurry up and leave? It'll be a mess."

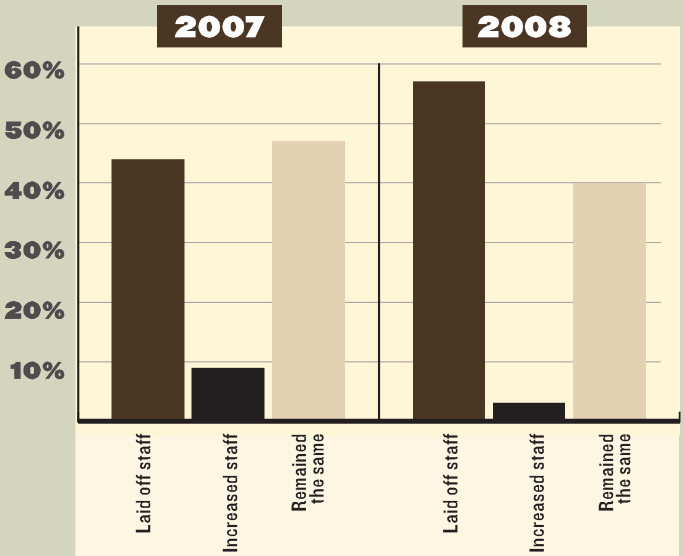
And even medium and large builders have beefs about the biggest publicly traded national heavyweights. One builder grossing almost $30 million dollars said, "We can't compete with large builders giving $100,000 off." And a builder/developer with seven active neighborhoods in a major Midwestern city complained, "We are all suffering due to the practices mostly of the large publics."

CHANGING FOCUS

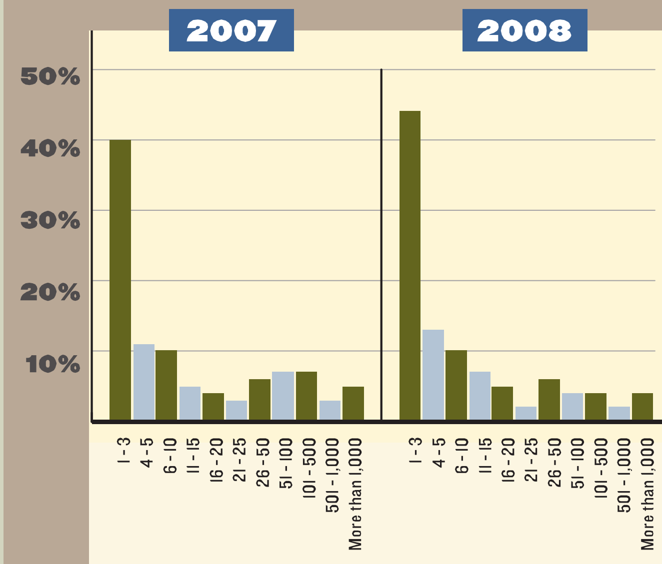
Builders are reassessing their markets and down-sizing their product. Among the typical responses: "Redesign—more efficient and more affordable"; "Building lower-priced, well-equipped homes"; "Smaller but unique floor plans"; or simply, "Designing smaller homes at a lower price."

The smallest independent builders are discovering another simple strategy: Downsize, stop building, and start *(see page 154)*

HAS YOUR COMPANY LAID OFF STAFF OR INCREASED STAFF OVER THE PAST 12 MONTHS?



HOW MANY FULL-TIME EMPLOYEES DOES YOUR COMPANY HAVE?



STAFF STATS: As companies contract, workforces are taking a beating. Our survey shows more companies laid off employees in 2008 than in 2007 (left). And more companies in 2008 are down to just a handful of workers, while fewer are supporting big payrolls (right).

remodeling. That's what husband-and-wife team Mike and Abbie Andersen of Andersen Homes in Gig Harbor, Wash., are doing. Explains Abbie, "Up until the downturn, we would do between five and eight homes a year—probably one-third custom and two-thirds spec. The specs, if they weren't under contract while they were still under construction, would move within four or eight weeks—they sold really quick." But in the fall of 2005, the market started to cool, and by late 2007 the Andersens were stuck with two specs they couldn't move. "Now we've leased those," says Abbie. "And we still have three lots that we're sitting on, and we had building permits on two of them. But we're not going to go forward with those."

Instead, Mike has put the toolbelt back on. The Andersens have laid off all four of their employees, and Mike is doing additions and gut-rehab jobs, working solo with subcontractors. So far, the pair has enough work to stay in business and keep Mike busy. "It's actually a lot more fun," says Abbie, "and for sure it's a lot lower risk. We're not holding any paper on the project—we're just getting paid to come in and remodel."

Just north of Milwaukee, Wisc., Bob Henderson of Henderson Group Homes has turned to high-end whole-house makeovers. At the peak of the boom, Henderson's design-build outfit had 17 employees and was building 20 houses a year. Now he's down to five people, and he manages about six jobs a year. "As of June of 2008, we have no new homes under construction," he says. "Our business is 100 percent remodeling right now." But like the Andersens, Bob Henderson has four finished lots still on his books—and when the time is right, he says, he'll go back to building.

But neither Abbie Andersen nor Bob Henderson sees that rebound on the horizon. Henderson reports, "The market's not giving us any sense of a turnaround. I think 2009 is going to be the critical year for a lot of people. As the volume winds down to nothing, it's pretty hard to stay in business." Says Andersen, "In 2009, I think it's going to be really bad."

HOLDING ON

Many of the nation's largest builders are now thinking long term—"hoarding cash to spend as the market turns," as one public builder executive put it. Another top company official plans to rely on "funds raised through the issuance of debt and the sale of stock to enable us to weather the current storm and capitalize on opportunities that will arise as the market recovers." Some of these top builders predict that when the turnaround finally arrives, large well-financed firms with deep pockets will be the only companies left to take advantage of the reviving market.

But those big firms may be sharing the field with builders such as the Andersens or Bob Henderson, who can stay in business and even carry a few lots, in spite of a dead flat market. Both small builders have a working plan to get through the recession by relying on custom remodeling. And both say that when home buyers are ready to buy again, they'll be ready, and willing, to build. The shape of that future market is still an unknown, but it's likely that when the buyers come back, builders—both large and small—will be there waiting. **B**

UPlink TO DOWNLOAD THE COMPLETE 2008 SURVEY, VISIT WWW.BUILDERONLINE.COM/INDUSTRYSURVEY.

METHODOLOGY

BUILDER's 2009 "State of the Industry" survey sought to obtain fresh data from builders in the field about conditions in their markets, the challenges facing their companies, and their latest strategies for coping with a tough business environment. In conducting the survey, we sent e-mails in October 2008 to 30,000 readers of BUILDER and our sister publication BIG BUILDER and received 543 responses, a response rate of 1.81 percent. Web consulting firm Synergy Interactive managed the e-mail blasts, and Specspan, a market research firm, tabulated the results. The responses have a margin of error of +/-5 percent.

Sub-Zero, Inc. and Wolf Appliance, Inc.



New Built-In Refrigeration



Integrated Refrigeration and Wine Storage



Wine Storage and Undercounter Refrigeration

SUB-ZERO, INC.

THE RECOGNIZED LEADER IN PREMIUM, BUILT-IN REFRIGERATION

The history of **Sub-Zero, Inc.** perfectly illustrates the American dream. Launched in 1945 in Westye Bakke's Wisconsin basement, the Bakke family has built the company into an international business, defined by design, quality and innovation.

TECHNOLOGY AND DESIGN INNOVATION ARE COMPANY HALLMARKS

Sub-Zero's success can be attributed to innovations in both the technology of refrigeration as well as in its design creativity and forward-thinking strategies.

By pioneering a dual refrigeration system that relies on two, separate, self-contained cooling systems, each **Sub-Zero** unit keeps fresh foods fresher and preserves frozen foods longer. Dual refrigeration is the most efficient way to keep the climate precise, so that after the door is opened, the refrigerator's dedicated compressor can quickly restore ideal conditions without affecting the other side.

In the mid-1950s when **Sub-Zero** introduced the first built-in, home refrigerator, **Sub-Zero** forever changed the future of kitchen design. Once considered the ugliest appliance in the home, the refrigerator would now become virtually invisible.

This revolutionary unit was delivered in a self-contained cabinet, making installation easier. Each unit was designed to allow for complete service accessibility within the consumer's own kitchen. **Sub-Zero's** design was so successful, by the mid-1960s, it was the sole manufacturer of built-in, home refrigeration units in America.

Today, the company offers the most comprehensive line of built-in models, many of which are Energy Star qualified:

- Undercounter models, some approved for outdoor use
- The design-flexible, built-in line-up, which can meet any kitchen design need
- The integrated 700 series, which takes refrigeration out of the kitchen and into the rest of the home
- State-of-the-art 400 Series wine storage units

Builders and consumers everywhere agree, **Sub-Zero** products are the indisputable leaders in premium, high-quality, refrigeration appliances that offer distinctive styling, dependable performance and responsive customer service. If you are looking to add unrivaled quality and sophistication to your next kitchen project, invest in **Sub-Zero** refrigeration.

Congratulations to James Bakke for being named as one of BUILDER magazine's Industry Innovators over the past 30 years.

SUB-ZERO®

Corporate Companions. Kitchen Soul Mates.

WOLF APPLIANCE, INC.
PROFESSIONAL HERITAGE REFINED FOR THE HOME CHEF

Wolf brings commercial standards of performance and workmanship to residential cooking appliances. Built by a company that specializes in cooking and refined through more than seven decades of demanding use in the best commercial kitchens, **Wolf** cooking equipment embodies the versatility, durability and performance that are absolute requirements for “chefs” everywhere.

Wolf appliances are built and tested to the same uncompromising standards as those of its corporate companion, **Sub-Zero**. Together, **Wolf** and **Sub-Zero** offer homeowners the best in kitchen technology and creative cuisine.

WOLF APPLIANCES DELIVER UNSURPASSED QUALITY TO EVERY KITCHEN YOU BUILD

Wolf delivers the highest quality product to every kitchen project you undertake. With a wide range of cooking appliances that fit any décor and culinary requirement, builders catering to discerning customers will immediately appreciate the versatility and upgrade potential of the **Wolf** brand.

Engineered to last, with streamlined, sophisticated styling, each unit is easy-to-use, yet powerful enough to offer precise control. A **Wolf** cooking appliance simply elevates the caliber of your project among customers willing to invest in a luxury kitchen environment.

Wolf’s products include:

- **Dual Fuel and Gas Ranges**
  The unique dual fuel option delivers gas efficiency on top and dual, convection on the bottom.
- **Built-In Ovens, Microwaves and Warming Drawers**
  Wolf’s Built-In Ovens have an exclusive dual convention system that creates even temperature and airflow throughout to achieve faster results.
- **Rangetops, Cooktops and Integrated Modules**
  Customizable features allow for individualization based on need and space. Innovative technology—such as induction cooking—provides even more options from which to choose.
- **Ventilation and Outdoor Grills**

Wolf products deliver a recognized level of satisfaction and quality that high-end consumers expect. Make sure your next project delivers the unsurpassed quality that **Wolf** appliances deliver.


Award-Winning Dual Fuel Range


Built-In E Series Oven and Microwave Drawer Oven

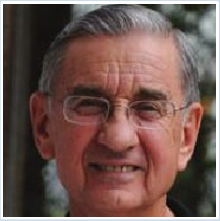

Built-In L Series Oven and Induction Cooktop

For dealer and product information, visit **subzero.com or wolfappliance.com.**

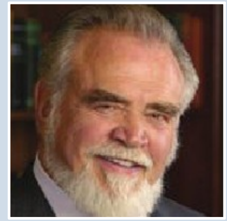











IMPACT PLAYERS

BUILDER recognizes 30 top innovators of the past 30 years.

BY PAT CURRY

THIRTY YEARS AGO, AMERICANS were struggling with a tight mortgage market, recession, high unemployment, soaring gas prices, and instability in the Middle East. Housing starts plunged; it was a tough time to be a builder. But there were visionaries who not only survived, but thrived.

In the 30 years since BUILDER began covering the housing industry, it has striven to spotlight these impact players. You know them. They're the people who take risks, ignore the rules, and redesign the box. They shake things up and make everyone else better for it.

This year, in celebration of three decades of discussing the issues that matter most to home builders, BUILDER recognizes 30 innovators who have changed the face of residential construction, whether as builders, architects, policy makers, financiers, manufacturers, economists, or influencers. It's by no means a definitive list, and it's not without its controversy. Some of the individuals we chose have stumbled in recent years, but their impact on home building is irrefutable—and worthy of recognition.

To celebrate their achievements, the honorees were feted at an event at the 2009 International Builders' Show. And Hanley Wood, LLC and Hearthstone donated more than $200,000 in their honor to The Home Depot Foundation and Global Green USA.

We look forward to hearing your comments about the men and women chosen for the list, and invite you to share your experiences with them on BuilderOnline.com, where you can view in-depth profiles. The most lasting recognition any of us can offer, though, is to follow their examples and make an impact of our own.

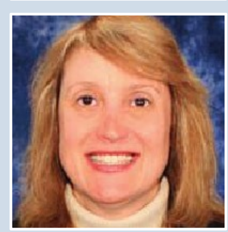


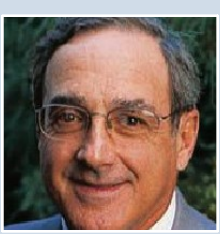


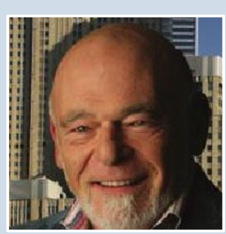









DAVID BAKER

Founder, David Baker + Partners, Architects
Elevated the aesthetic of low- and moderate-income housing

David Baker may have done more to change the perception of low-income housing design than any other architect. Baker has long been concerned with social responsibility, signature design, and energy efficiency. Since he founded his firm in 1982, he's specialized in nonprofit affordable housing, taking cues from neighborhood aesthetics for his designs. "No matter the style or period, it needs to be authentic to that point in time," he says. "If it meets the street well and fits the fabric of the neighborhood, it'll fit in and become part of that neighborhood."



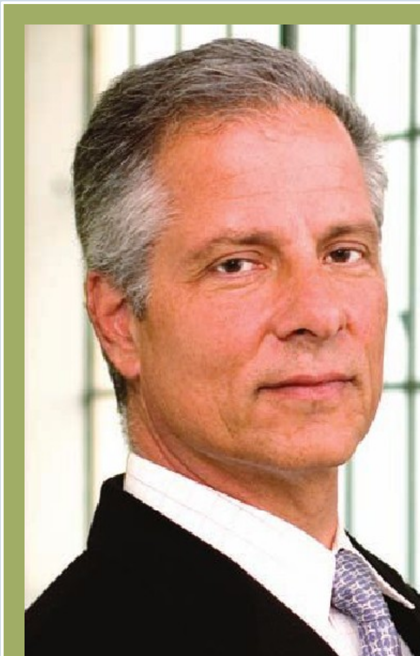
> **"Sometimes trade associations get painted as special interests, and we are. A democracy is made up of thousands and thousands of special interests."**
> **—Kent Colton, former CEO, NAHB**

JAMES BAKKE

President and CEO, Sub-Zero Freezer Co.
Created ultimate status symbol in appliances

Sub-Zero refrigeration units have always been legendary. Founder Westye F. Bakke manufactured specially designed refrigeration units for Frank Lloyd Wright's projects and later pioneered customized, built-in refrigeration. His grandson, James Bakke, built on these early achievements to create a brand that would become the ultimate status symbol in luxury homes. Since assuming its leadership in 1981, Bakke has continually improved its products, building refrigerator and freezer drawer units that blend perfectly with any décor, introducing state-of-the-art wine storage units, and recently acquiring Wolf Gourmet to offer the top cooking appliances for serious cooks.





ANDRÉS DUANY

Principal, Duany Plater-Zyberk & Co.
Founded new urbanism movement

Andrés Duany is widely recognized as the father of New Urbanism, a movement that seeks to end suburban sprawl and urban disinvestment. His firm, Duany Plater-Zyberk & Co., is perhaps best known for its design in 1980 of Seaside, Fla., which *Time* magazine described as "the most astounding design achievement of its era." But in the years since, DPZ has completed designs for close to 300 new towns, regional plans, and community revitalization projects, many of them landmarks. Working exclusively in collaborative charrettes, DPZ "does only one thing," Duany says, "walkable, compact, diverse communities."

KENT COLTON

Former CEO, National Association of Home Builders
Put the NAHB on the map as a world class organization

Kent Colton says he can point to four areas during his 15-year tenure that put the NAHB on the map as a powerful and reliable organization: the growth of the membership from 120,000 to nearly 200,000 firms; building a team of experts to provide quality information on housing; expanding the grassroots base of the NAHB; and working in close partnerships with members. "Sometimes trade associations get painted as special interests, and we are," Colton says. "A democracy is made up of thousands and thousands of special interests."



"I've never been content with the status quo and have always believed there is a better way. You just have to keep pushing the envelope." —Tim Eller, chairman and CEO, Centex



TIM ELLER

Chairman and CEO, Centex
One of the industry's true leaders

Outside observers know Tim Eller as the leader of one of the industry's best-run, bellwether companies. Within the industry, people know Tim Eller as a leader. Chairman of the NAHB's High Production Home Builders Council, a life trustee of the National Housing Endowment, and a former chair of the policy advisory board of Harvard's Joint Center for Housing Studies, Eller generously gives of his time to industry organizations. Though he has never considered himself an innovator, Eller guides a company that's always one step ahead of others, especially when it comes to process and standardization. "I've never been content with the status quo and have always believed there is a better way," he says. "You just have to keep pushing the envelope."

RICK FEDRIZZI

Founding Chairman, U.S. Green Building Council
Leading the charge for sustainable building

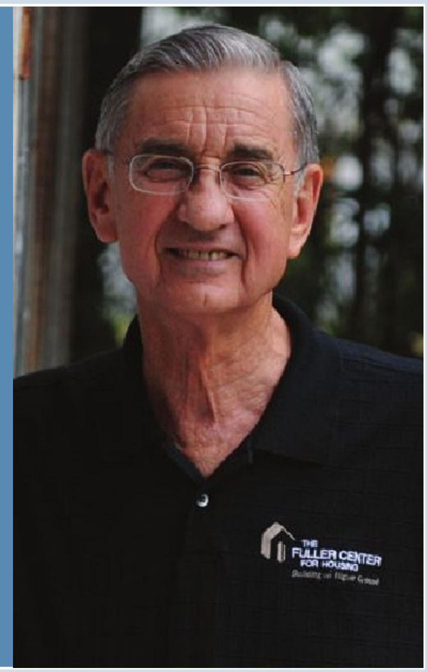
Perhaps more than any other person, Rick Fedrizzi is impacting green building in the U.S. and around the world. As founding chairman of the U.S. Green Building Council, he works with key governmental agencies for implementing green building policies, technologies, standards, design practices, and programs, including LEED. Fedrizzi's work with the federal government includes membership on the Greening of the White House feasibility study team, as well as working with HUD's Partnership for Advancing Technology in Housing (PATH) and the U.S. Department of Energy for the development of the National Energy Policy Plan.



MILLARD FULLER

Founder, Habitat for Humanity International
President, Fuller Center for Housing
Created the country's largest nonprofit housing corporation

In 1976, Millard and Linda Fuller met with 30 people in an abandoned chicken barn in Americus, Ga., and brainstormed what would become Habitat for Humanity International. Twenty years later, President Bill Clinton awarded Fuller the Presidential Medal of Freedom, the nation's highest civilian honor, saying he had "done as much to make the dream of homeownership a reality in our country and throughout the world as any living person." In 2005, the board of Habitat for Humanity International terminated the Fullers. Then 70, Millard Fuller started the Fuller Center for Housing. "This is my calling," he says, "to provide housing to the poor."



ALAN GREENSPAN

Former Chairman, U.S. Federal Reserve Board of Governors
Shaped the housing boom of the last 15 years

One of the most recognizable and powerful financial figures in a generation, Alan Greenspan began advising presidents in the late 1960s and played a crucial role in directing the country's monetary policy for nearly two decades before his retirement in early 2006. He was the longest serving chairman of the Fed, appointed to five consecutive terms. A strong supporter of free markets, Greenspan played a central role in the most recent expansion of the housing industry.

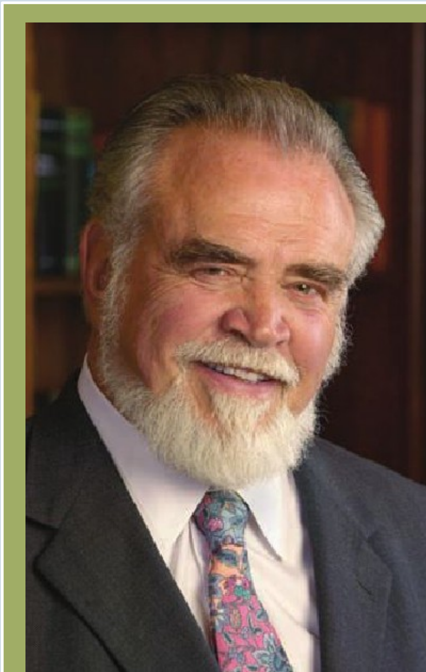


BART HARVEY

Former Chairman and CEO, Enterprise Community Partners
Leader in financing affordable housing

Though Bart Harvey didn't start Enterprise, he turned it into the most influential financier of affordable housing in the country. Harvey was a deal maker for Dean Witter in 1982 when he met Jim Rouse, who created the provider of development capital and technical expertise for affordable housing and neighborhood revitalization. Two years later, Harvey went to work for Enterprise and grew Enterprise from a firm that provided about $200 million a year for 5,000 units of affordable housing in 1993 to one that financed more than $1 billion a year for 20,000 units.





HERBERT V. KOHLER JR.

President and Chairman, Kohler Co.
Brought luxury and elegance to the bath

Today, the master bath joins the kitchen as one of the biggest selling points of a house. To a large extent, you can thank Herb Kohler for that. Grandson of Austrian-born John Michael Kohler, who founded the company in 1873, Herbert Kohler worked in every division of the company before he graduated from Yale in 1965. He has been chairman of the board, CEO, and president of Kohler since 1972, when he set about to make "The Bold Look of Kohler" more than a slogan. The company's designer plumbing fixtures have instant brand recognition as a luxury upgrade for builders across the country. *(see page 162)*

DONALD HORTON

Founder and Chairman, D.R. Horton
Built home building's largest company

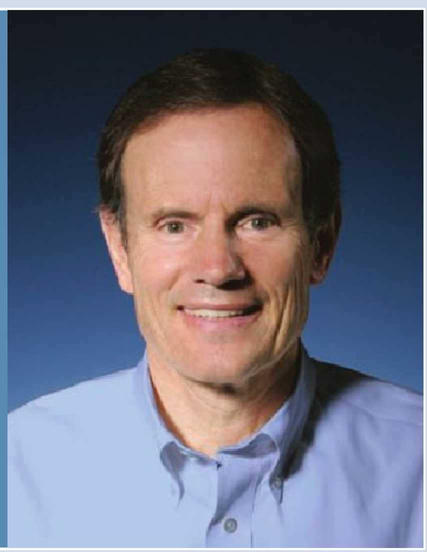
Donald Horton created the largest home building company in history by mastering what seemed to him to be an obvious thing—giving customers what they want. He created a scalable operating strategy with enough flexibility to allow customers to make changes in existing floor plans. Even as the company practiced mass customization, it managed to produce strong returns. The system resulted in 29 straight years of growth, a position as the nation's largest home builder, and the mind-boggling achievement of building more than 50,000 homes a year—two years in a row.



PAUL HYLBERT

CEO, ProBuild Holdings
Built a national pro-dealer supply network

ProBuild's story begins in 1997, when Fidelity Capital purchased the Strober Organization, a leading building materials supplier in the Northeast. Its growth strategy catapulted with the acquisition of Lanoga, the nation's third-largest pro dealer, and the creation of ProBuild Holdings. With the addition of Hope Lumber and Supply, ProBuild became the largest dealer chain in the country. Paul Hylbert says ProBuild is a true partnership. "I only represent them," Hylbert says. "It's a combination of the vision of my counterparts at Strober and Hope."



"This is my calling, to provide housing to the poor."
—Millard Fuller, founder, Habitat for Humanity International



J. CARSON LOONEY, FAIA

Principal, Looney Ricks Kiss
Reinvigorated traditional architecture

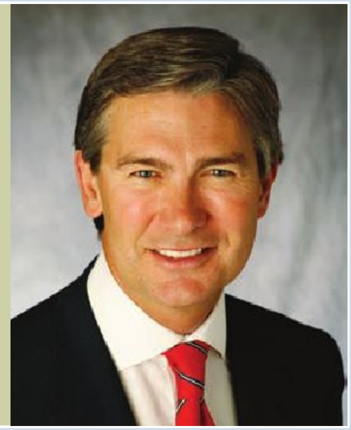
When Carson Looney designs a house, he says he's trying to create living environments that "actually serve people functionally and in a way that provides joy." The ability to create traditional, timeless design that adapts to the changing needs of homeowners has made Looney one of home building's most influential architects. "My dad taught me when I was 15 or 16," Looney says, "that my true job was to ensure that the people who hired me were pleased that they did, to provide them with more value than the money they paid me, and to do everything I could to make sure that they liked what they received better than money."

"Every customer has to be treated like your mother, your father, your sister, or your brother." —Bernard Marcus, co-founder, The Home Depot

KEN LOWE

Founder, HGTV
Transformed consumer appreciation for good design

Ken Lowe says he was at "the twilight of a mediocre career" in TV production in 1992 when he took a massive leap of faith and pitched the Scripps Networks his idea for a network geared to home improvement. He called it HGTV, Home and Garden Television, versus the Home and Garden network, because of MTV. They went for it, and HGTV was born in 1994. Today, its shows are distributed to 91 million households—and inspired a generation of design-savvy home buyers.



BERNARD MARCUS AND ARTHUR BLANK

Co-Founders, The Home Depot
Popularized warehouse retailing

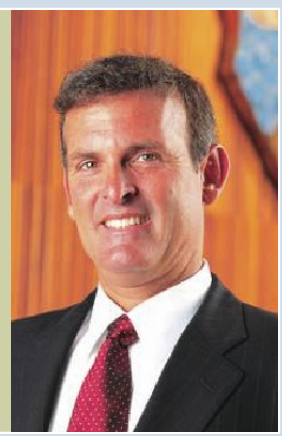


Bernie Marcus and Arthur Blank, both executives at the retail chain Daylin, were fired in 1978 for experimenting with selling discounted products geared to DIYers. So the pair went into business for themselves, opening The Home Depot in Atlanta in 1979 and ushering in the new world of warehouse stores and wholesale prices. The Home Depot went on to become the largest home improvement retailer and the inspiration for other big boxes. In an interview with *Forbes*, Marcus put customer service at the center of his formula for success, saying, "Every customer has to be treated like your mother, your father, your sister, or your brother."

STUART MILLER

President and CEO, Lennar Corp.
Brought financial sophistication to home building

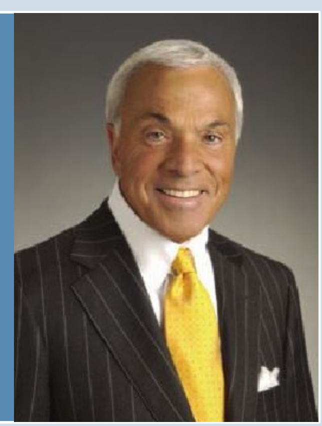
When Stuart Miller walks into an investment conference, the entire room turns its attention to him. Always one step ahead of his peers, Miller has earned a reputation among investors and builders alike as the shrewdest of financial operators, buying companies at bargain prices, establishing innovative financial structures, and finding alternative funding sources for distressed assets. LNR, a company he started, uses alternative capital to allow Lennar to be involved in "large-scale projects without large-scale risk," Miller says.



ANGELO MOZILO

Co-Founder, Countrywide Financial
Pioneer in the mortgage delivery market

Angelo Mozilo started Countrywide Credit Industries with his late mentor David Loeb in 1969, on the principle that every American family with the dream of homeownership should have the chance to achieve it. Over time, Countrywide diversified its services to include wholesale-loan origination, servicing, title insurance, and trading in mortgage-backed securities. In 2004, he was honored for his commitment to homeownership. *(see page 164)*





Congratulations to Herbert V. Kohler, Jr.,
Chairman, CEO and President of Kohler Co. Your guidance of the BOLD LOOK OF KOHLER® has grown the company and influenced the industry for almost 40 years.

- The 30,000+ Associates of Kohler Co., Worldwide









KOHLER®

Go to http://builder.hotims.com for more info
See us at the International Builders' Show, booth C5065

JAMES PUGASH

Co-Founder and Chairman, Hearthstone
Created the first home building equity fund and a lasting charitable legacy

James Pugash truly fit the definition of a Renaissance man. He was a real estate innovator, philanthropist, Rhodes Scholar, and a jazz pianist. And he pioneered the concept of using pension funds to finance moderately priced, for-profit housing in the U.S. Hearthstone became the first, and today remains the largest, institutional equity investor in residential development projects in the country. In 1999, Hearthstone became lead sponsor of the Hearthstone Builder Humanitarian Award, given annually to home builders who have made significant contributions to nonprofit community service. He died in 2006 following a battle with pancreatic cancer.



"Our focus on quantity of space is misplaced. ... Let's solve problems versus just getting bigger."—Sarah Susanka, author, *The Not-So-Big House*

BILL PULTE

Chairman, Pulte Homes
Built a high-service, high-design company

Though one of the largest builders in America, Pulte Homes still does business like a smaller company, with keen attention to design, customer service, and construction quality. That's in part because Bill Pulte never forgot the lessons of his youth. He decided he wanted to be a home builder as a high school junior in 1948. "I've been very fortunate," he says. "I haven't changed from that thought since then, 60 years ago." He identifies several defining moments in his career, including a pivotal decision to subdivide lots and build on them. "That's the business I'm still in today," he says.

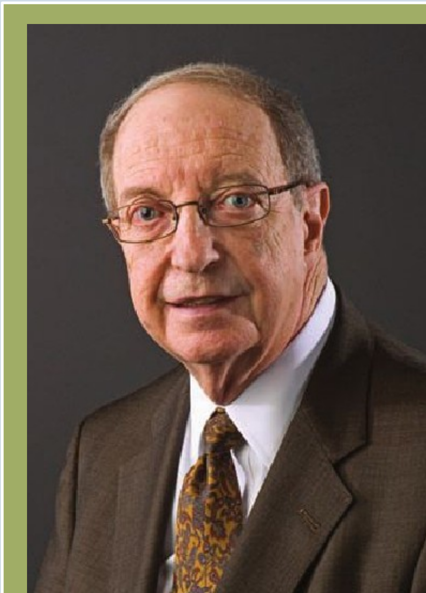


LEWIS RANIERI

Chairman, Ranieri & Co.
Pioneered the secondary mortgage market

When Lewis Ranieri joined Salomon Brothers' mortgage-trading desk in the late 1970s, there was no secondary mortgage market and builders were at the mercy of sometimes-illiquid savings and loans. Ranieri created the market to sell bonds that pooled thousands of mortgages and passed the payments through to investors around the world. He coined the term "securitization," and won battles in Washington to remove legal and tax barriers to the sale of mortgage-backed securities. This almost inexhaustible source of funds kept mortgage rates low, fueling the housing boom for years to come.





ALBERT RATNER

Co-Chairman of the Board, Forest City Enterprises
Leader in mixed-use urban housing

Not many development companies are called rock stars, but it's a description given to Cleveland-based Forest City Enterprises for its cutting-edge developments, including Stapleton, Denver's former airport site and the country's largest urban redevelopment project. Never afraid to develop locations that other companies might consider undesirable, Albert Ratner has guided Forest City to a multi-billion dollar real estate development group with projects in 20 states. Winner of the Urban Land Institute's 2005 J.C. Nichols Prize for Visionaries in Urban Development, Ratner was cited for his strong belief in creating positive change in communities, his commitment for building mutually beneficial partnerships with the public sector, and his willingness to develop in risky locations. *(see page 166)*

InSpire®
ROOFING PRODUCTS



only compression molded tile in the industry : : no pre-bending or pre-blending



We innovate for a living. That's why InSpire Roofing delivers the next generation of composite slate roofing that captures the natural beauty of slate. InSpire is easy to install and meets premium performance and testing standards. Backed by a limited lifetime warranty and the largest color palette in the industry, InSpire Roofing is quickly becoming the roofing material of choice for contractors and builders. We innovate for a living and manufacture products that will work hard for years to come. Innovate today.

The Tapco® GROUP

Innovation Born from Original Thinking™

Go to http://builder.hotims.com for more info

www.theTapcoGroup.com

ROOFING :: SIDING :: SHUTTERS :: SIDING COMPONENTS :: TOOL SYSTEMS :: EGRESS SYSTEMS :: TRIM :: STONE VENEER

See us at the International Builders' Show, booth C5213

"Customer satisfaction is a differentiator. Builders are using it because there's a direct correlation between it and profitability."
—Paula Sonkin, J.D. Power and Associates



NICHOLAS RETSINAS

Director, Harvard University's Joint Center for Housing Studies
Champion of low-income housing, leading source of housing research

Despite his lofty academic position, Nicholas Retsinas has firm roots in housing and housing finance. Before his appointment to Harvard, he served as Assistant Secretary for Housing–Federal Housing Commissioner at HUD and Director of the Office of Thrift Supervision. The Joint Center's job, he says, is to "illuminate the issues and trends in the housing industry, on the working assumption that if builders are better informed, they'll make better choices." Retsinas also has devoted himself to championing the cause of affordable housing, serving, most notably, as the immediate past chairman of the board of directors of Habitat for Humanity International.

(see page 168)

DR. ROBERT SHILLER

Co-Developer, Case-Shiller Home Price Indices
Developed most important metric of home sales



Economist Robert Shiller is the man everyone dearly hopes will be wrong this time. Shiller called it right on the stock market and housing bubbles when both were still at their peaks. Now, he's suggesting that the housing market crash could rival the Great Depression—but still says real estate is a good investment. He first decided to measure home resale prices after the 1987 stock market crash. "I was thinking that people talked about the unpredictability of stock market prices," he says. "It seemed real estate was much more predictable. ... There wasn't much literature testing that because there wasn't a good real estate index." Now there is. The indices he and his colleague, Chip Case, created are considered to be among the leading economic indicators today.

PAULA SONKIN

Vice President, Real Estate and Construction Industries, J.D. Power and Associates
Spearheaded development of a customer satisfaction model for new-home buyers



Before J.D. Power Associates came along 10 years ago, home buyers had no clue what kind of service to expect from their builder. When the organization began measuring customer satisfaction, the results were eye-opening. "The scores were pretty low at the time," Paula Sonkin says. "There was a lot of talk, but not a lot of action with regard to customer satisfaction." Since then, Sonkin has expanded the survey to 33 markets and also elevated customer satisfaction to one of the primary drivers for many builders' business models. "We're finding customer satisfaction is a differentiator," Sonkin says. "Builders are using it because there's a direct correlation [with] profitability."

SARAH SUSANKA, FAIA

Architect and best-selling author of *The Not-So-Big House*
A voice for livability in new-home design



Sarah Susanka says that the impetus for her best-selling book series came out of her own architectural practice. "Literally every client that came into our firm thought what they wanted was a bigger house," Susanka says, "but what they really wanted was a better house . ... Our focus on quantity of space is misplaced. The book series helps people understand and see that and provide options to it. Let's solve problems versus just getting bigger." Susanka says she doesn't design as much today as she used to, "but the amount of architecture I influence is much, much greater."

"It's not possible to do just a bare bones home anymore. We think we helped that evolve." —Robert Toll, chairman and CEO, Toll Brothers



ROBERT TOLL

Chairman and CEO, Toll Brothers
Pioneered the luxury production-home market

Thirty years ago, large production builders built mostly starter boxes. Robert Toll remembers when his firm made a conscious shift to the higher-end. It started with redesigning the second floors of its homes. "We made the rooms bigger, and we created a luxury home. And we could charge a lot more for it." Toll went on to become the industry's largest luxury production builder, changing the way builders view kitchens and baths and upscale finishes. "It's not possible to do just a bare bones home anymore," he says. "We think we helped that evolve."

DAVID WEEKLEY

Chairman, David Weekley Homes
Created an inspirational private company

David Weekley is widely respected within the industry as one of its most gifted leaders. But when he started building houses in Houston in 1976, he was a "classic entrepreneur, my way or the highway," he says. In 1985, the Houston market dropped by 80 percent in six months. "I said, 'God, give me one more chance, and I won't screw this one up,'" he remembers. His company has been named six times to *Fortune's* list of 100 best companies to work for. Weekley has set a powerful example of philanthropy, donating half his pay to charity.



STUART WOLFF

Founder, Homestore
Originated online real estate listings

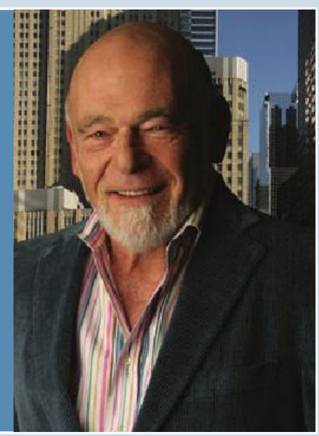
Back when most people viewed a Web site as an electronic brochure, Stuart Wolff saw the future. He realized the enormous potential of putting real estate listings online and started RealSelect, which became better known as Homestore. The company went on to operate the National Association of Realtors' official Web site, www.Realtor.com. Today, studies estimate that about 85 percent of home buyers start their search online. Wolff's Homestore, which is now named Move.com, started it all.



SAM ZELL

Founder, Equity Residential
Formed the most important REIT of the last 30 years

Sam Zell has come a long way from his start in real estate, as an apartment building manager in college. For one, he now owns apartments, lots of them. The company he founded, Equity Residential, is the largest apartment owner in the U.S. And his Equity Office Properties, which the company recently sold, is the largest owner of office space in the country. But Zell's biggest contribution may be his market insight—he's widely regarded as the most astute real estate investor in the country.



IVY ZELMAN

CEO, Zelman & Associates
Premier housing analyst for the last decade

Ranked as the top housing industry analyst by the *Wall Street Journal* and the Institutional Investors All American Research Team, Ivy Zelman is known for calling the market as she sees it—and not being shy about ruffling feathers. After hearing Toll Brothers CEO Robert Toll refer to what he considered to be a pent-up demand for housing, Zelman was blunt: "I'm wondering what Kool-Aid you are drinking, because I want some."



PHOTO: SECOND FROM TOP: MICHAEL GRECCO - CONTOUR BY GETTY

HEARTHSTONE **Builder** HUMANITARIAN AWARD

1978 - 2008 30th Builder

THANK YOU FOR CELEBRATING THE 10TH ANNUAL HEARTHSTONE BUILDER HUMANITARIAN AWARDS & THE 30TH ANNIVERSARY OF BUILDER MAGAZINE. EVERY DAY ACROSS AMERICA, FOR-PROFIT BUILDERS GIVE THEIR TIME, MONEY AND RESOURCES TO MAKE THEIR COMMUNITIES BETTER PLACES TO LIVE. IN CELEBRATION OF BUILDER MAGAZINE'S 30TH ANNIVERSARY, LEADERS AND VISIONARIES WHO SHAPED THE HOME BUILDING INDUSTRY OVER THE PAST 30 YEARS WERE HONORED.

DAVID BAKER
David Baker + Partners Architects

JAMES J. BAKKE
Sub-Zero Freezer Company

ARTHUR BLANK
The Arthur M. Blank Family Foundation

KENT COLTON
Joint Center for Housing Studies, Harvard University

ANDRES DUANY
Duany Plater-Zyberk & Company

TIMOTHY R. ELLER
Centex

S. RICHARD FEDRIZZI
U.S. Green Building Council

MILLARD FULLER
The Fuller Center for Housing

ALAN GREENSPAN
Greenspan Associates

F. BARTON HARVEY, III

DONALD R. HORTON
D.R. Horton

PAUL HYLBERT, JR.
ProBuild

HERBERT KOHLER, JR.
Kohler Company

CARSON LOONEY
Looney Ricks Kiss Architects

KENNETH W. LOWE
The E.W. Scripps Company

BERNARD MARCUS
The Marcus Foundation

STUART A. MILLER
Lennar

ANGELO MOZILLO
Formerly with Countrywide Financial

JAMES Z. PUGASH
Hearthstone

WILLIAM J. PULTE
Pulte Homes

LEWIS S. RANIERI
Franklin Bank

ALBERT B. RATNER
Forest City Enterprises

NICOLAS P. RETSINAS
Joint Center for Housing Studies, Harvard University

ROBERT J. SHILLER
Cowles Foundation for Research in Economics, Yale University

PAULA SONKIN
J.D. Power and Associates

SARAH SUSANKA
Susanka Studios

ROBERT I. TOLL
Toll Brothers

DAVID WEEKLEY
David Weekley Homes

STUART WOLFF
Formerly with Homestore.com

SAMUEL ZELL
Equity Residential

IVY ZELMAN
Zelman & Associates

builderaward.hearthstone.com

THANK YOU

The HEARTHSTONE BUILDER Humanitarian Award has been made possible by the efforts of many fine companies. We would like to thank the following sponsors and patrons for their generous support.

PARTNERS
BUILDER
Hearthstone

FOUNDING SPONSORS
Andersen Windows
Kohler Co.
Whirlpool Corporation

TRIBUTE JOURNAL SPONSOR
Pro-Build Holdings, Inc.

PREMIER SPONSORS
KraftMaid
Therma-Tru Corporation

UNDERWRITING SPONSORS
DuPont Building Innovations
Klip BioTechnologies, LLC
Propane Education & Research Council
Tyco Fire Suppression & Building Products

PARTICIPATING SPONSORS
Aon Risk Services – Construction Services Group
Beam Central Vacuums by Electrolux
Broan-NuTone, LLC
Crossville, Inc.
Eaton Corporation
Generac Power Systems, Inc.
Goodman Manufacturing Company
Hanley Wood, LLC
Hi-Velocity Systems
iLevel by Weyerhaeuser
Lyptus by Weyerhaeuser
Owens Corning
Rinnai Corporation
The Sherwin-Williams Company
Typar Weather Protection System
Uponor

PATRON SPONSORS
Bank of America
KeyBank Real Estate Capital
Temple Inland
The Hanley Foundation
Zurich

BENEFACTOR SPONSORS
84 Lumber
California Bank & Trust
Cathay United Bank
Deloitte
Dreier Stein & Kahan LLP
MonierLifetile
The Devereaux Family

FLYING BLIND

BY BOYCE THOMPSON
ILLUSTRATIONS BY JACK UNRUH

A confluence of unprecedented events makes forecasting housing starts highly speculative.

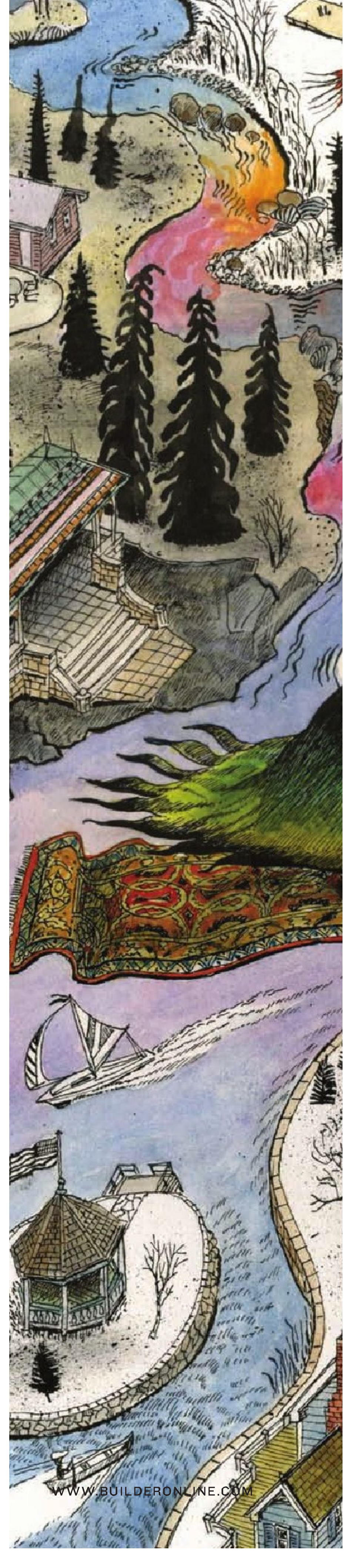
When economic growth was stable and home investments produced steadily rising returns, forecasting housing starts was pretty straight forward. Economists input their best educated guesses for interest rates, economic growth, and job creation. Models produced a projected flight path for sales and starts. Sometimes, that was the one the industry actually flew, or pretty close to it.

Today's volatile economic environment renders moot many forecasting models. Not only are traditional housing variables less predictable due to unprecedented actions—mortgage rates dropped 750 basis points in December after the Fed pledged to buy bad mortgage assets—but the industry's foundations have permanently shifted. Home buyers could always count on rising investment returns. Now home values are in free fall.

Housing forecast models "don't work," Fannie Mae's chief economist Doug Duncan said at last fall's NAHB Construction Forecast Conference. Econometric models use the past to predict the future, but there's no precedent for current housing conditions. Economists, Duncan pointed out, never had to forecast a housing recovery after so many people put so little down to get mortgages and when capital gains have been "decoupled" from real estate. Before homes became ATMs, home sellers had to roll over capital gains into real estate to avoid taxes.

Several other landmark changes conspire to cloud crystal balls. For the last 15 years, builders could count on reasonable access to financing. Now the banking system sits with two broken axles, mortgage and construction lending at a standstill. As banks resort to government bailouts, the list of failed and troubled institutions grows every month, and hundreds of billions of bad assets sit on bank balance sheets. Lenders won't even lend to each other, much less to builder customers.

Meanwhile, builders and their buyers are in deep need of counseling; they have never had more deep-seated psychological problems. With home prices falling, surveys show that most buyers don't think this is a good time to buy a home. Like spectators at an airshow, they would rather sit in the stands watching prices plummet, *(See page 174)*





wondering when they'll bottom out. Builders haven't been in a bigger funk about their prospects since the NAHB started keeping its builder confidence survey.

For those trying to predict its future, the housing market is fraught with unidentified flying objects. Before housing economists can predict when housing sales might rebound, they need to figure out when and how the financial crisis could be resolved. In order to determine when home prices might stabilize, they must determine whether foreclosure activity will continue to rise this year and whether it can be slowed. They also need a firm handle on the strength and duration of the economic recession which, by the way, the country entered in December 2007, according to the National Bureau of Economic Research.



FASTEN YOUR SEAT BELTS

Because of the generally negative conditions outlined above, most expect another double-digit decline in housing starts this year, ranging from 12 percent to 28 percent, with a pick-up in 2010. The NAHB, as of mid-December, forecasted that housing starts will come in at 924,000 in 2008, the first time they've fallen below the 1 million mark since the second World War, then drop an additional 25 percent in 2009, to an unheard of level of 694,000, which may leave many builders grasping for air masks.

"Our current forecast calls for new- and existing-home sales to bottom in the first quarter of 2009 and begin edging upwards in the second quarter," says Bernie Markstein, vice president for forecasting at the NAHB. "Housing starts bottom in the second quarter of 2009 and turn up in the third quarter. All these measures stay on a slow recovery path until the fourth quarter, when there is a mild acceleration. Overall, it is a slow recovery once things turn around."

That bearish outlook is shared by Zelman & Associates, which expects a 21 percent decline this year followed by a slow recovery in 2010. In Zelman's forecast, starts don't return to 1 million until 2012.

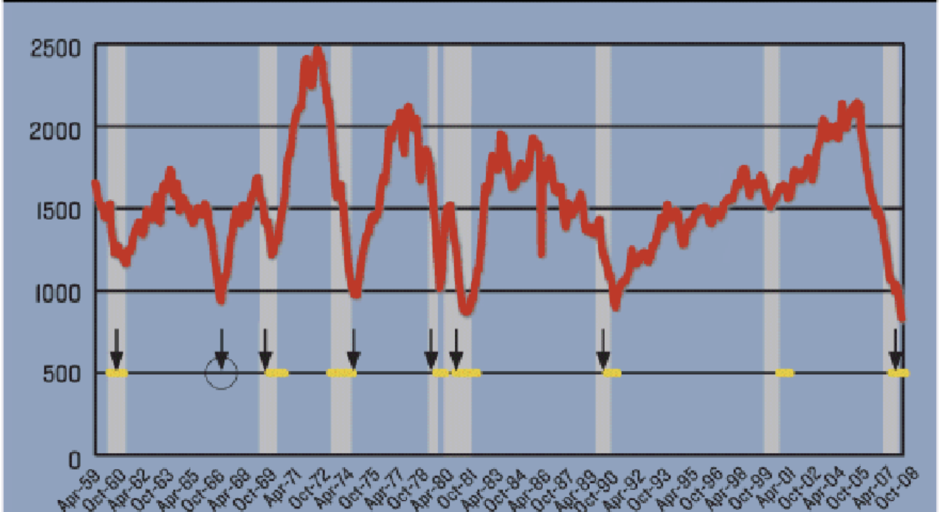
Freddie Mac's Frank Nothaft, on the other hand, expects only a 12 percent decline in starts next year with a much more rapid recovery that takes starts back to the 1.2 million level in 2010. "Exceptional uncertainty in the market makes it very difficult to project. We are truly in uncharted land," says the chief economist.

One of the big unknowns is how rising unemployment will affect new-home sales and foreclosures. The U.S. economy lost almost 2 million jobs last year, including a half million in November alone, pushing the unemployment rate to 6.7 percent. Unless you are independently wealthy, it's pretty tough to buy a home without a job.

Yet, even if almost 7 percent of Americans are unemployed, 93 percent still have jobs. Maury Harris, chief economist of UBS, notes that, based on historical precedent, home sales can rise even while unemployment is rising. Harris predicts a turnaround in sales this spring or summer, followed by an increase in starts. Economists, he admits, missed the severity of the housing recession. "But just because we don't know everything doesn't mean we don't know anything," he says.

Another big uncertainty is the impact that government actions, both taken and contemplated, will have on the housing market. After the Federal Reserve Board agreed to buy bad mortgage-backed securities from the banks, 30-year fixed-rate mortgage rates dropped from 6.25 to 5.50 for highly qualified buyers, unleashing a flurry of mortgage applications. Says Harvard Joint Center for Housing Studies economist Eric Belsky, "With so much uncertainty about how the federal government will respond to the severe recession and ongoing foreclosure crisis, predicting housing starts in 2009 is especially challenging."

HOUSING STARTS AND RECESSIONS



SOURCES: HARVARD JOINT CENTER FOR HOUSING STUDIES, NBER, AND U.S. CENSUS BUREAU
* — INDICATES RECESSION; ARROWS INDICATE HOUSING DOWNTURN

HARBINGER OF HARD TIMES: Six of the last seven housing downturns preceded a recession. Before the recession was officially declared last month to have started in December 2007, Eric Belsky of the Harvard Joint Center for Housing Studies presented this chart to forecast the likelihood of an economic recession.

NOWHERE TO GO BUT UP

Even with more government intervention in the financial and housing markets, things are likely to get worse before they get better. Based on the early indicators of poor retail sales and rampant job layoffs, the NAHB expects gross domestic product to contract at a 5 percent rate in the fourth quarter of 2008, a view shared by IHS Global Economics, which forecasts a 1.8 percent decline in GDP for all of 2008. "We see negative growth through mid-2009 and only anemic positive growth in the second half," says Nigel Gault, IHS's chief economist.

The bottom line is that the winter of 2008–2009 may be one of the toughest new-home sales climates *(See page 176)*

STARTS PREDICTIONS

FIRM	2008 STARTS PROJECTION	2009 STARTS FORECAST	PERCENT CHANGE 2008 VS. 2009	2010 STARTS FORECAST	PERCENT CHANGE 2009 VS. 2010
NAHB	924,000	694,000	-25%	909,000	31%
Zelman & Associates	945,000	750,000	-21%	885,000	18%
Freddie Mac	930,000	720,000	-23%	1,000,000	39%
IHS Global Insight	920,000	660,000	-28%	970,000	47%

BEST GUESSES: It's difficult to compare forecasts, of course, since economists use different year-end projections for 2008 activity. Nonetheless, most housing economists predict another double-digit decline in housing starts and sales for 2009, followed by a slow recovery in 2010.

that builders have ever faced. But if they can make it until the spring or summer, most housing economists believe that the market should improve, though that will depend on the depth and severity of the recession and how much government stimulus is provided.

It looks as though further action will be taken to stem a rising foreclosure tide, which is depressing home prices. Few people are alive to remember the last time foreclosures outsold new homes in this country, but that's the nation's current situation. For builders, the situation means competing against cash-starved banks anxious to cut their losses and take whatever they can get on repossessed properties. Builders find themselves competing on a playing field stacked with homes they built only two or three years ago in the same subdivisions.

The most pessimistic scenarios come from forecasters worried about rising foreclosures, which would mean prices would continue to fall. Mark Zandi of Moody's Economy.com said at the NAHB forecast that we're likely to see as many foreclosures in 2009 as we did in 2008—1.9 million. But Fannie Mae's Duncan presented some positive information to indicate that foreclosure stats are flat or declining in 14 states, including those hardest hit—Florida, California, Nevada, and Arizona. Still, a record percentage of Americans, as many as 25 percent, owe more on their mortgage than their house is worth, and mortgage delinquencies continue to rise.

The other big fear among forecasters is that once the market finds equilibrium, hundreds of thousands of recent vintage homes sitting in shadow inventory may be put back on the market. Census Bureau statistics show that an excess of at least 800,000 homes have been unoccupied for a year or more and aren't currently listed for sale. This shadow inventory is another reason economists expect a slow housing incline compared to the swift updraft that characterized previous expansions.

ON THE RADAR: PRICES

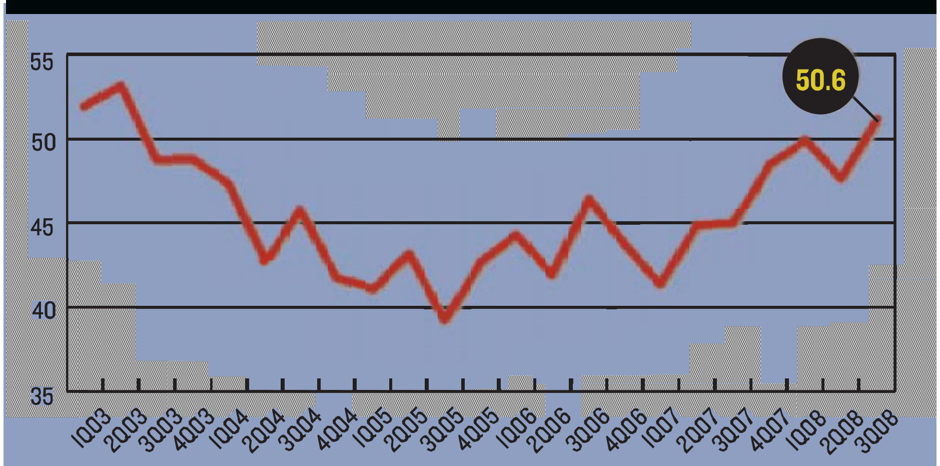
The other variable that housing economists watch closely for signs of equilibrium is home pricing. Many believe that if prices could return to levels that preceded the explosion of subprime lending, demand might turn sales around. Already, prices on existing homes, as measured by the Case-Shiller Index, have fallen 21 percent, which takes them back to early 2004 levels. Unfortunately, 2004 was the year that subprime lending exploded, rising from 8 percent of originations during the early part of the decade to 20 percent from 2004 to 2006. "Prices need to decline another 10 percent," says Ivy Zelman of Zelman & Associates. That would put them back at levels last seen in 2003, when subprime lending wasn't as pervasive.

But we're already back to 2003 affordability levels for new homes, according to the new-home affordability index computed by Hanley Wood Market Intelligence. For that reason, some economists believe prices may have to retreat to even earlier levels for the market to bottom, maybe back to the late 1990s. Another big difference between the market today and in 2003 is that lenders are now much tighter with their money. The most recent Senior Loan Officer survey from the Federal Reserve Board showed that 70 percent of lenders had tightened residential lending over the preceding three months.

While there's a comforting simplicity in this analysis, it may underestimate the impact of other economic and psychographic variables on housing purchases. Will households awake one morning to realize that prices have dropped far enough that they can now afford the home of their dreams? Unlikely. This period of housing price deflation is unparalleled. It will take a while to convince people that prices will continue to rise and they won't go underwater in short order on their investment.

What's a builder to do when faced with another forecast for a double-digit housing decline? For one, remember that even within the worst markets some builders manage to increase sales or launch projects that outsell the rest of the market. But the best advice may be the same advice that builders have received for the last three years: Plan for the worst and hope for the best. **B**

TRACKING AFFORDABILITY



SOURCES: U.S. CENSUS BUREAU, HANLEY WOOD MARKET INTELLIGENCE

WHO CAN BUY?: One bright spot for the housing industry is that, at today's prices, new homes are as affordable as they were in 2003, before the explosion of subprime lending. Unfortunately lenders are much tighter with credit than they were in the early part of the decade. This index measures the percentage of households that can afford to buy the median-priced new home ($218,000) using a 20 percent down payment on a 30-year fixed-rate mortgage at 6.04 percent.

The only way we could build a show home on the IBS '09 exhibit floor was to go modular. Here's how we did it and why it proves factory-built housing is the way of housing's future.

FAST-TRACKED

BY RICH BINSACCA

AFTER A DECADE OF BUILDING OFF-SITE show homes in the host city of the annual convention, we wanted to put one smack dab in front of the industry's face—on the exhibit floor of the 2009 International Builders' Show (IBS)—and make it easy for builders to clearly see housing's future. One that addresses resource efficiency, starting with a responsible footprint and factory precision. One that leverages the best of new and old building methods to create a superior-quality house. And one that, in an extremely tight and unyielding schedule, can be ready for occupancy in about four days.

The only way to satisfy those requirements was to go modular, with a dash of high-level panelization. And of all the benefits that factory-built housing delivers—shorter cycle times, better quality, less waste, and labor savings, among others—it was the ability to build 90-plus percent of it in a factory over the course of three months and then crane and connect those near-complete modules on the show floor in less than a week that drove us to partner with LivingHomes, a modular home builder and developer, to produce this year's house.

We call it the BUILDER LivingHome, and here's how we did it:

COURTESY LIVINGHOMES





STAGE 1: STEEL FRAME

Under the low-pitched roof of the fabrication shop at Profile Structures in Santa Fe Springs, Calif., workers set, clamp, bolt, and weld sections of lightweight structural steel to form the basic structure of each module, or mod.

Set on castors at each corner and in the middle of their 54-foot lengths, the completed, raw-steel frames are wheeled out of the factory and coated with a spray-applied primer in a covered outdoor area before making a short journey around the corner to the yard area. The primer coat, a no-VOC acrylic formulation called Pro-Cryl by Sherwin-Williams, is essential to protect the unfinished steel from ambient moisture vapor that might lead to rust and structural degradation.

This stage does not occur simultaneously for all four mods; as soon as the first one is set on blocks of scrap lumber in the yard area, work begins immediately on the next phases of construction for that mod while the steel frames for the other three sections are built inside and progressively flow out of the factory.

This parallel process of building is a template for the whole fabrication process and a primary benefit of modular construction. Sure, parallel construction is practiced to a certain extent on the jobsite with traditionally built homes when some trades share space on the critical path, but not to this kind of efficiency and potential schedule gain.

"In a typical on-site build, you have to completely finish framing the entire house before you can bring in the subs for the mechanical rough-ins," says Reed Walker, project manager for LivingHomes. "With modular, we can finish one section's frame and bring in those trades for that mod while the other mods are still being framed."

That efficiency is aided by a multi-skilled, in-house crew at Profile Structures; welders become framers become finish carpenters, following the steel frames through completed mods—a stark contrast to the culture of independent subcontractors working on a traditional jobsite. "Subs on site can be overscheduled, flaky, and cause significant delays," says Steve Glenn, LivingHomes founder and CEO. "In a factory, you're dealing with a staff of construction workers and the labor is more predictable in terms of cost and time."



STEEL STANDING: The relatively low-tech work environment at the Profile Structures facility belies an efficient and precise fabrication process. Lightweight structural steel components are cut, clamped, bolted, and welded under roof to create a frame. Joist hangers for the floor and roof are welded to the structure, which is primed against moisture penetration before rolling out to the yard.

PHOTOS: TOP: DAVIS PHOTOGRAPHIC; BOTTOM: RICH BINSACCA

STAGE 2: WOOD FRAME

Within a day of rolling out a steel-framed shell, workers fill the voids between the columns and the floor and roof sections with a system of structural engineered lumber components, including wood I-joists, studs, shear walls, and structural panels.

Under a nearby canopy, the in-house framing crew builds wall sections on tables and stands them up between and across the steel columns. Precut joists, meanwhile, are rolled out in short order, insulated within the cavities, and sheathed with structural OSB panels.

There are now two mods—which will form the first-floor living spaces of the finished house—standing about 15 feet from each other in the yard. Once the floor of the second one is sheathed, the two mods are pushed and bolted together, creating a 54-foot-by-20-foot structure that's ready for the construction of the remaining perimeter and interior walls.

The home's wood-steel hybrid frame adds a relatively new wrinkle to the modular equation. "Hybrid construction [using more than one building system, such as modular and panels] is done to some degree already, especially if there's a garage added to the modular structure," says Fred Hallahan, of Hallahan Associates in Baltimore, a modular building consultant who has been tracking the industry for more than 30 years. "But hybrid framing is unique."

Like most new concepts and practices, says Hallahan, hybrid framing won't attract attention from builders or other modular manufacturers unless it delivers a cost savings or satisfies a special condition, such as a seismic standard.

On both counts, that's the case in California, where building codes for modular and HUD-code homes (the latter built on a chassis for transport) are more stringent. The tougher regulations are in place, in large part, to ensure the integrity of the mods as they rumble down the highways to their final destination—in this case, Interstate 15 to Las Vegas. "The modules are exposed to mini-earthquakes and wind shear [as they are transported], so we're required to build them to a higher level of structural quality," says Glenn.

The state's strict seismic codes, meanwhile, dictate components such as shear walls and additional framing connectors for all new homes. The show home accommodates that with engineered, factory-built shear walls from iLevel by Weyerhaeuser and welded joist hangers that accept iLevel's TJI-branded I-joists, among other measures.

PHOTOS: HOMERUN ENTERTAINMENT





PUT TOGETHER: Once the first two modules make it to the yard area, workers frame the roof and floor (at least) before connecting the two sections to create a combined 1,100-square-foot floor, in this case the main level of the show home. The rest of the structural wood framing follows.



From an environmental standpoint, the use of the iLevel system offers a plethora of benefits—and at a stage when there's a lot of materials (and resources) at stake.

Based on detailed shop drawings coordinated and refined by the builder and the supplier, the bulk of the framing materials arrived precut, all but eliminating miscut lengths that would leave unusable short sections of material for the landfill. Precisely precut lengths also save time as the joists, specifically, roll out across the floor/roof sections right from the pile instead of making a stop at the saw.

In addition, the engineered components themselves are inherently eco-friendly. Processed from a variety of timber resources, often fast-growing species not typically used to mill framing lumber but acceptable for a composite product, the joists, studs, and other engineered-wood framing members use a higher percentage of each log harvested compared to milling yields, thus further extending forest resources.

And, despite being created from usually weaker and smaller trees, the end-products are of far superior strength, allowing I-joists, for instance, to span longer and be spaced farther apart than comparably sized milled lumber joists. The same house, then, requires less lumber to achieve better structural performance.

STAGES 3 & 4: SHELL AND MEP

Upon completion of the now-combined mods' structural frame, workers descend to dry it in with windows, exterior doors (including three sliders along the rear elevation and a trio of outswing patio doors elsewhere), and the moisture barrier membranes for the flat roof and sidewalls. A separate set of subs works simultaneously to rough-in the mechanical, plumbing, and electrical (MEP) runs and set the fan coil and on-demand hot water heaters.

That combined process, according to the schedule Walker devised with Profile Structures, occurs over a 15-day block in the schedule. That window of time also includes installation of ceramic floor tile over the wood subfloor panels, putting yet another sub in each 1,080-square-foot, two-mod section.

That level of activity is enabled by an extremely detailed set of plans, specs, shop drawings, and computer models created by Amy Sims, the in-house architect for LivingHomes. Far more thorough than a typical set of single-family prints, Sims' thick roll of plans shows every structural wall, floor, and ceiling completely elevated. "The coordination between the drawings and the model allows us to foresee any kinks that might occur," she says. "They give us the ability to work directly with the factory



HYBRID TIMES: The show home's structure is rare in its use of a hybrid structural frame, a system that employs recycled-content steel and resource-friendly engineered lumber to leverage the best of each material and enable a higher level of performance. The floor and roof structures are insulated and fitted with conduit before being stacked.



PHOTOS: TOP: COURTESY LIVINGHOMES; BOTTOM: DAVIS PHOTOGRAPHIC

to improve our control over the process."

In a traditional on-site setting, says Walker, "kinks" are an all-too-common occurrence that lead to scheduling delays and sub-par construction quality. "The thought and work that goes into the [factory] drawings improve quality control because the house isn't modified as it's being built," he says, such as reframing to accommodate a duct run or a wiring conduit. "The house is built as it was drawn, to optimum quality," which is a key function of the quality control achieved with modular housing.

STAGE 5: CLOSE-IN

At this point, the first floor of two mods bolted together is ready for its inside walls and other structural cavities to be insulated and closed in, and the second floor isn't far behind. A crane lifts the second-floor section onto the first, perfectly aligning not only their respective footprints (including the staircase opening), but also the MEP runs between the two floors.

That alignment—determined by Sims' precise set of plans—allows crews to convene on the now–2,160-square-foot, two-story structure, connected by a temporary stair, to insulate with a blown-in, recycled-content fiberglass product for the walls (held in place by a nonwoven, translucent polypropylene fabric) and batts for the ceilings.

On the outside of the stacked floors, meanwhile, crews are finishing the application of the 4-foot-by-8-foot biocomposite siding panels, a task that began a week earlier when the two sections were still both on the ground. The staggered and seemingly random pattern of the prefinished siding panels, some full and others ripped along their lengths to align with the windows, allows for the inevitable separation of the sections (and each of the four modules) for shipping. Once reconnected and restacked on the show floor, they'll be just as easy to reassemble without leaving a continuous (and unsightly) horizontal seam between the floors.

Back inside, with the one-day wall insulation application complete, crews get busy hanging drywall, a six-day, rapid-fire process that's all but isolated in the schedule (save the exterior finish work and the batt insulation install) because of the messy mud and dust created to deliver smooth, finished walls.

Between the pre-engineered shear walls, sheathing, siding, and drywall panels, prefinished windows, and prehung patio doors, the show home—like many new homes—is an assembly of prefabricated pieces. That the entire home is built in a factory setting is simply a logical continuation of that concept to a larger scale. "In a sense, almost every new home is, in some way, prefabricated," says Glenn, thus setting the stage for builders to transition into modular and panelized systems at a greater rate.

In fact, says Hallahan, such a trend is already apparent. Though modular, specifically, accounted for (*see page 184*)







INNER WORKINGS: Once the structural framing is completed and the modules are stacked (top, from a previous LivingHomes project), crews install the mechanical, plumbing, propane, and electrical systems before a spray-applied cellulose insulation and drywall close them in.

PHOTOS: COURTESY LIVINGHOMES







FINISH IT OFF: Once the modules are stacked to create a two-story structure, crews will apply prefinished siding panels—like those depicted above on previous homes—to complete the exterior shell. The siding panels are designed to conceal any obvious joint between the two floors or mods.

COURTESY LIVINGHOMES

only about 27,000 housing units in 2008 (a number that, like the rest of the industry, has declined since 2005), the market share for modular has nearly doubled, to 3.7 percent of overall housing starts, in the past four years.

Modular housing has also made inroads, he says, as replacement housing in storm-damaged Gulf states and for urban infill projects across the country—two new footholds that will bolster its popularity—thanks mainly to compact designs and faster cycle times.

STAGES 6-7: FINISH WORK

As soon as the drywall crew pulls off, the parallel construction starts up again with the installation of the interior doors—specifically the application of the jambs—and the invasion of the painting crew. Together, the finish carpenters and painters will occupy the house for a week, leaving the walls, ceilings, and door casings ready for the last stages of work, the finishes.

At this point, it's a mad dash to completion. Crews will set the stair parts and railing, lay the wood flooring, and finish off the plumbing and electrical fixtures and trim. Appliances will roll in, and an integrator will hook up the home's audio-visual communications system.

Of any stage of the off-site building process, this one mimics traditional, on-site work the most. In fact, says Hallahan, builders attracted most recently to modular are adjusting the scope of their contracts with fabricators to leave the finishing touches to an on-site crew. "The emerging advantage of modular to small-volume builders is the ability to deliver a high-quality house in less time that still allows him to customize the finishes for the buyer," he says.

While factory-built efficiencies lower a small builder's overhead (mostly in labor), leaving perhaps 30 percent of the home for him to finish enables that builder to compete with larger-volume builders with a market-driven selection of standard and upgraded finish options. "The manufacturer does the heavy lifting through drywall, and the builder takes it from there," says Hallahan. "Providing 90 percent of the house in a factory is no longer the only valid marketing proposition for modular."

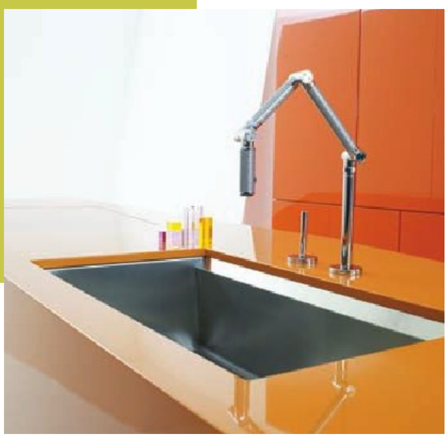
For the purposes of our show home, however, getting as much done in the factory was essential to enable a four-day reassembly on the exhibit floor, a schedule dictated by the convention center's out-going tenants prior to IBS (see "Putting it Together," page 186).

Within a hectic span of 16 days, the house transforms from a drywalled shell to a finished home—and *(see page 186)*


The BUILDER LivingHome is a sustainable show home to be unveiled at the 2009 IBS Show.

Builder livinghome
2009 SHOWHOME AT IBS
hanley wood

Kohler Innovation Is Alive And Well


Karbon kitchen faucet with 8 Degree sink


The Oblo Faucet Collection

Kohler Co., a global leader in kitchen and bath design, offers innovation and style that can't be matched. Each year, Kohler introduces new product that push design—and technology—to new levels.

Kohler In The Kitchen

The **8 Degree** family of sinks has been designed to maximize basin space, with the front and back basin walls growing wider from top to bottom to create a roomier interior. The stainless steel sinks provide clean lines and modern utility.

A kitchen faucet like no other, the **Karbon articulating kitchen faucet** possesses the functionality and performance of a pull-down, while allowing the user to position and leave the sprayhead right where it's needed, providing hands-free functionality.

Kohler In The Bath

The **Oblo Faucet Collection** features modern, geometric styling, creating functional yet elegant fixtures. High-quality construction and materials partner with durable, beautiful finishes to guarantee leak-and worry-free performance.

The **Saile Toilet** is Kohler's latest one-piece, dual-flush toilet. Kohler's exclusive dual-flush technology results in significant water savings without sacrificing performance. A two-button actuator allows users to flush either 1.6 gallons or only 0.8 gallons.

The **Traverse Wall-Hung Vanity** offers a clean aesthetic with ample workspace. Notably, the Traverse vanity serves as an industry leader, using recycled packaging materials and a revamped manufacturing process to lessen the product's environmental impact.

Made possible with the help of...

THE BOLD LOOK OF KOHLER®

For More Info:

on these and other innovative KOHLER products visit
www.kohler.com
or call 1-800-4KOHLER

Go to http://builder.hotims.com for more info


Saile Toilet


Traverse Wall-Hung Vanity

then is carefully broken back down into its four main sections for transport.

STAGE 8: SHIPPING PREP

It would be nice if, somehow, the finished home could be transported complete to the jobsite (or, in this case, the convention center), but today's transportation technology requires the mods to be disassembled, secured on a flatbed trailer, and trucked to their destination.

Like every other aspect of the show home's construction, this last stage is planned and coordinated to the last detail. While some loose-fitting fixtures, such as pendant lights or some interior doors, are removed and shipped separately, the bulk of what's been installed remains in place for the trip.

The most critical aspect of the move is shoring up the open sections of the separated mods. Once unbolted and pulled apart, the resulting 54-foot-by-8-foot openings created by the separation need to be bolstered against lateral forces and wind shear during transport. "We'll build temporary shear walls, or shipping walls, for those wide-open midsections," says Walker. Similarly, Walker spanned a temporary framing member across the top of the rear deck sections on both floors for structural continuity that will protect those modules during transport.

Once the temporary framing is in place, crews secure the mods to their respective flatbed trailers and tightly wrap them in waterproof sheeting.

In the early morning hours of Tues., Jan. 13, in a convoy of four semi-trailers, BUILDER LivingHome rumbled onto Carmenita Rd., took a right on Rosecrans Ave., and headed for the interstate. The next day, the trucks arrived in Las Vegas and sat, waiting for the doors of the convention center to open at 12:01 am the following morning. **B**

PUTTING IT TOGETHER

THURS., JAN. 15

12:01am: The large overhead doors of the delivery bay on the southeast end of the Las Vegas Convention Center roll open, revealing an empty Central Hall. A crane followed by four flatbed trailers hauling the four near-finished mods of the BUILDER LivingHome, wrapped in plastic against the weather, convoy into the exhibit hall and make their way to booth C5288 along the south wall of the building.

2:30am: The crane is set up and begins to slowly lift each unwrapped module from its flatbed. Mods 1 and 2, which will bolt together to form the first floor of the show home, are placed and leveled on blocks that boost the finished floor height to about a foot off the convention center deck.

8:00am: Crews from LivingHomes and Profile Structures connect the sections, now stacked to create the two-story structure, a process called out as "mod to mod boltup" on the schedule. Meanwhile, others set the wall and floor panels that make up the home's third bedroom and drive-through carport. Other workers begin the interior punch list by taping and mudding the mod joints on the inside of the perimeter walls. By noon, the crane is taken down and rolled out of the exhibit hall.

1:00pm: So-called "crossover" connections of the electrical, HVAC, and fire sprinkler runs between the two floors begin and will continue through midnight. Simultaneously, crews set the scaffold to complete the balance of the home's exterior wood siding panels.

FRI., JAN. 16

6:00am: With the first coat of mod joint tape and mud now dry and sanded, crews work concurrently to reinstall and adjust the doors and windows, install the ceiling fabric (a stretch product), apply the second coat of mud on the wall joints, and install the decorative stair parts. Meanwhile, the exterior siding work continues from the night before, as do utility connections. The installation of the appliances commences, starting with the refrigerator.

SAT., JAN. 17

6:00am: Crews apply the finish coat on the drywall seam and hang decorative lighting. The exterior siding is still going on and won't be scheduled for completion until midnight—a 32-hour ordeal. The washer and dryer are moved in and connected.

SUN., JAN. 18

Midnight: With the siding work done, crews immediately jump on the exterior decks, namely the one that stretches along the entire rear elevation of the house—the side that will show to the aisle in front of the exhibit space. The deck has been built and shipped in sections, or panels, for easier and faster assembly; even so, the process is expected to occupy crews for at least eight hours.

6:00am: As crews sand the mod joints in the drywall to a smooth finish, finish painters prepare to touch up those areas to match the paint job done back in the factory in California.

Noon: Crews hook up the last of the home's systems, the backup generator and the heat pump, leaving a fully functioning, ready-to-occupy, finished shell of a show home that 50 hours before was sitting in four sections on flatbed trailers. But the work is hardly over. A new set of workers, under the direction of Don Anderson of Color Design Art, start moving in the furniture and accessories while still another crew gets to work on the landscaping, not only to hide the 12-inch gap between the convention center and first floor of the house, but also to create traffic patterns for the guided tours, keep folks from falling off the deck, and create a finished setting for the photography of the finished home that will appear in the April 2009 issue of BUILDER.

MON., JAN. 19

10:30am: As the finishing touches continue on the landscaping, and crews mount and stand a series of kiosks, 65-inch plasma screens, and signs listing the project team and sponsors around the perimeter of the show home, a half-dozen professional tour guides meet to read through and rehearse the scripts they will use to conduct nearly 100 separate tours through the house during the four-day Builders' Show. By 5:00pm that afternoon, the stage is set for the 80,000 attendees of the 2009 IBS expected the next morning.



HEAVY LIFTING: The near-complete modules will be craned and bolted into place on the IBS exhibit floor, where crews will complete the show home within five days.

PHOTOS: COURTESY LIVINGHOMES

UPlink // TO LEARN MORE ABOUT BUILDER'S MODULAR SHOW HOME, GO TO WWW.BUILDERONLINE.COM/DESIGN/SHOW-HOMES.



The BUILDER LivingHome is a sustainable show home to be unveiled at the 2009 IBS Show.

Builder livinghome
2009 SHOWHOME AT IBS
hanley wood



SUSTAINABLE FORESTRY INITIATIVE

From The Forest Floor To An iLevel® Floor, Build Green With iLevel By Weyerhaeuser

Made From A Renewable Resource

As owners and stewards of millions of acres of forestlands, we are committed to sustainable forestry. Each year, we plant more than 100 million seedlings to ensure the availability of forests for future generations. We're also taking sustainability practices beyond our forests. Today, nearly all iLevel products are certified to sustainable forestry standards.

Resource Efficient

We've invested more than four decades of research into developing patented manufacturing technologies to create our engineered wood products. These pioneering technologies have allowed us to take trees that are not large or straight enough to be used for dimensional lumber, and turn them into extremely efficient, predictable building materials. In our lumber mills, we are using cutting-edge manufacturing techniques to optimize each log and piece of lumber—dramatically reducing waste. And, we add zero urea formaldehyde resins to our engineered wood products.

Reduce Waste And Use Only What You Need

iLevel is unique in that we offer a group of products designed to work together as a system. Our software tools incorporate this system approach to help reduce job site waste, and generate accurate material lists through estimating, modeling and design operations, and collaborating processes. Utilizing the predictable performance of our lumber and engineered wood products, our software applications, such as Javelin® Structural Frame design software, and construction techniques, such as NextPhase® Site Solutions, help create an optimized frame.

Made possible with the help of...

iLevel®
by Weyerhaeuser

For More Info:

www.iLevel.com
or call 1–888–iLevel8 (1–888–453–8358)
Stop by our IBS booth #C5813

Go to http://builder.hotims.com for more info





SEE THE FUTURE OF HOME BUILDING...



Builder LivingHome

- Modular Construction
- Sustainable Materials
- Flexible Space
- Smart Design

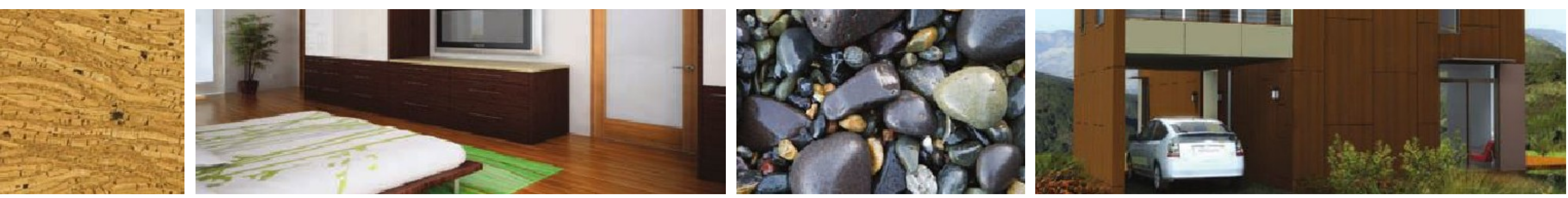







Designed by KieranTimberlake and built by Profile Structures for LivingHomes, a developer of modern, sustainably designed, prefabricated homes, the **Builder LivingHome** celebrates BUILDER magazine's 30th anniversary. This 'hybrid' home will be the star of the 2009 IBS Show at **Booth C5288.**

Builder livinghomes KIERANTIMBERLAKE Profile Structures, Inc.



Some people think Fypon®

only means detailed, lightweight urethane millwork.

Perhaps it's time they think again.



More than urethane.

You're come to know Fypon as the brand leader in urethane millwork, but now we'd like you to know us as more. We're someone you can trust to have the right synthetic product for any trim application. In addition to our award-winning urethane millwork products, we now offer a full line of high-quality PVC Trim, including standard profiles and convenient carton packaging on select board sizes and styles.

For high-quality, low-maintenance synthetic millwork and trim, Fypon has you covered from peak to plinth.

PVC Trim BY FYPON

PROFILES ~ BOARDS ~ SHEETS

www.fypon.com 800.446.3040

Go to http://builder.hotims.com for more info

MARKET-BUSTING HOUSEPLANS

FEATURING NEW PLANS FROM THE NATION'S LEADING DESIGNERS

While the tendency of some builders in these tough times is to offer drastically simplified homes, we think it's a smarter bet to build proven winners—homes that are efficient to construct and attract buyers. In a market flooded with bargains, the look of fine custom design will help your brand stand out. With this market-beating strategy in mind, we present this month's Builder house plans. Each design features basic rooflines and open interiors—as well as the curbside appeal that will satisfy consumers' sense of individuality.



First Floor: 1,082 sq. ft. ■ **Second Floor:** 864 sq. ft. ■ **Total:** 1,946 sq. ft. ■ **Bonus Space:** 358 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 40' - 0" X 52' - 0" ■ **Foundation:** Crawlspace

Elements of the Craftsman style are evident in this gracious two-story home. A spacious living area designed for comfortable gatherings serves as the heart of this home. A gourmet kitchen boasts a food prep island and a morning nook with views of the back property. The second floor includes the vaulted master suite and two family bedrooms, which share a full bath. The connecting hall leads to a sizable bonus room.

PLAN # HWBI030002 ■ **5-SET** $ 595 ■ **8-SET** $650 ■ **REPRO** $850 ■ **CAD** $ 1,270



FIRST



SECOND

SEE MORE HOUSE PLANS AT WWW.BUILDERHOUSEPLANS.COM



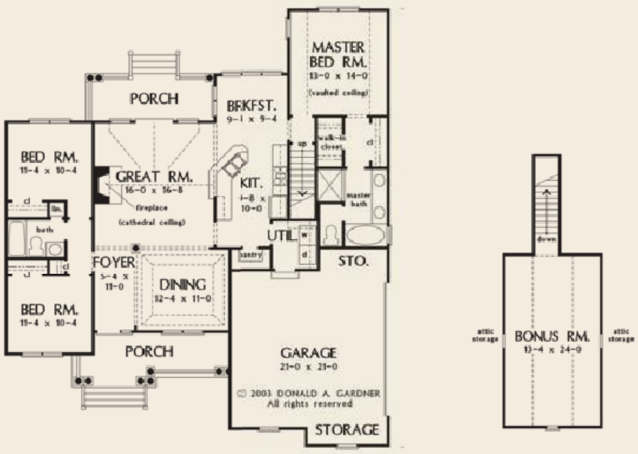
PLAN # HWBI030021 ■ 5-SET $625 ■
8-SET $695 ■ REPRO $925 ■ CAD $1,380

First Floor: 1,204 sq. ft. ■ **Second Floor:** 1,264 sq. ft. ■ **Total:** 2,468 sq. ft. ■ **Bonus Space:** 213 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 35' - 0" X 63' - 0" ■ **Foundation:** Crawlspace



FIRST SECOND

Square Footage: 1,547 ■ **Bonus Space:** 391 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 51' - 8" X 59' - 0"





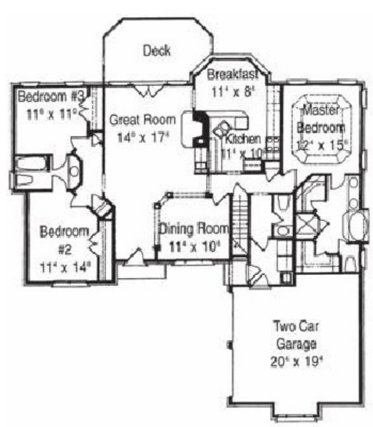
PLAN # HWBI0300011 ■ 5-SET $750 ■
8-SET $805 ■ REPRO $1,130 ■ CAD N/A



SEE MORE HOUSE PLANS AT WWW.BUILDERHOUSEPLANS.COM

PLAN # HWBI0300022 ■ 5-SET $900 ■
8-SET $950 ■ REPRO $1,250 ■ CAD N/A

Square Footage: 1,751 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 57' - 0" X 57' - 0" ■ **Foundation:** Finished Walkout Basement



Main Level: 1,694 sq. ft. ■ **Second Level:** 874 sq. ft. ■ **Total:** 2,568 sq. ft. ■ **Bonus Space:** 440 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 3 1/2 ■ **Dimensions:** 74' - 2" X 46' - 8" ■ **Foundation:** Crawlspace, Unfinished Basement



FIRST



SECOND



PLAN # **HWBI030023** ■ 5-SET $800 ■ 8-SET $875 ■ REPRO $1,100 ■ CAD N/A



PLAN # **HWBI030006** ■ 5-SET $795 ■ 8-SET $850 ■ REPRO $1,050 ■ CAD $1,850

Main Level: 1,270 sq. ft. ■ **Second Level:** 1,181 sq. ft. ■ **Lower Level:** 575 sq. ft. ■ **Total:** 3,026 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 1/2 ■ **Dimensions:** 50' - 0" X 45' - 0" ■ **Foundation:** Finished Walkout Basement



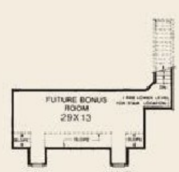
FIRST

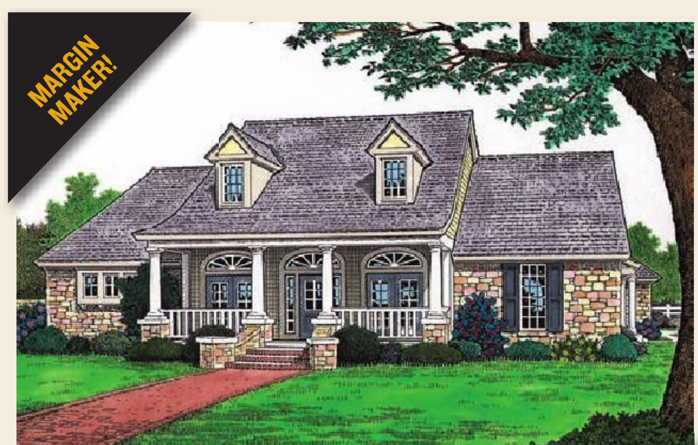


SECOND

Square Footage: 2,387 ■ **Bonus Space:** 377 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 69' - 6" X 68' - 11" ■ **Foundation:** Crawlspace, Slab







PLAN # **HWBI030007** ■ 5-SET $800 ■ 8-SET $920 ■ REPRO $1,070 ■ CAD N/A

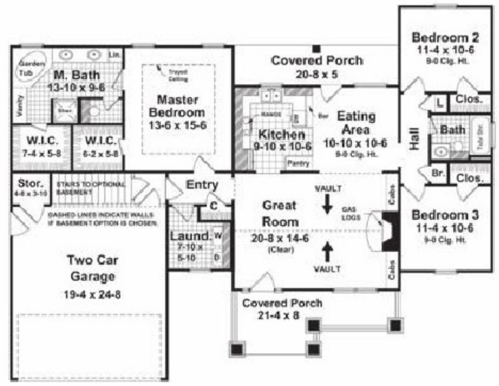
SEE MORE HOUSE PLANS AT WWW.BUILDERHOUSEPLANS.COM



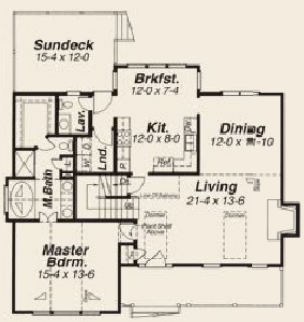
SPACIOUS MASTER!

PLAN # HWBI030008 ■ 5-SET $645 ■
8-SET N/A ■ REPRO $805 ■ CAD $1,305

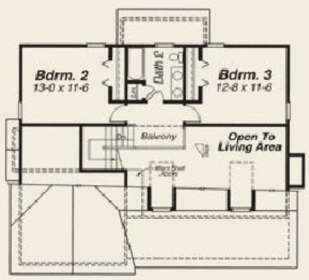
Square Footage: 1,509 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 61' - 0" X 47' - 4" ■ **Foundation:** Crawlspace, Slab, Unfinished Basement



First Floor: 1,210 sq. ft. ■ **Second Floor:** 555 sq. ft. ■ **Total:** 1,765 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 43' - 4" X 37' - 0" ■ **Foundation:** Unfinished Basement



FIRST



SECOND

SIMPLE ROOF LINES!



PLAN # HWBI030024 ■ 5-SET $630 ■
8-SET $690 ■ REPRO $870 ■ CAD $1,550



SIMPLE DESIGN!

SEE MORE HOUSE PLANS AT WWW.BUILDERHOUSEPLANS.COM

PLAN # HWBI030025 ■ 5-SET $630 ■
8-SET $690 ■ REPRO $870 ■ CAD $1,400

First Floor: 766 sq. ft. ■ **Second Floor:** 812 sq. ft. ■ **Total:** 1,578 sq. ft. ■ **Bonus Space:** 291 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 34' - 0" X 38' - 0" ■ **Foundation:** Unfinished Basement



FIRST



SECOND

DESIGNED BY: JANNIS VANN & ASSOCIATES, INC; DRUMMOND DESIGNS, INC.

Main Level: 2,326 sq. ft. ■ **Total:** 2,326 sq. ft. ■ **Bonus Space:** 358 sq. ft. ■ **Bedrooms:** 3 Bathrooms: 2 1/2 ■ **Dimensions:** 64' - 0" X 72' - 4" ■ **Foundation:** Unfinished Basement



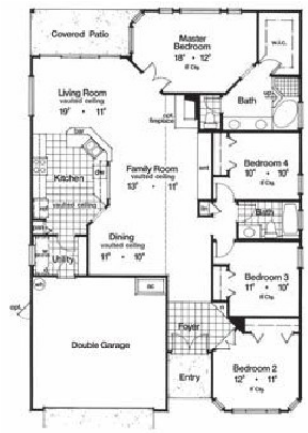


PLAN # HWBI030017 ■ 5-SET $640 ■ 8-SET $693 ■ REPRO $800 ■ CAD $1,600



PLAN # HWBI030026 ■ 5-SET $630 ■ 8-SET $690 ■ REPRO $870 ■ CAD N/A

Square Footage: 1,834 ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 ■ **Dimensions:** 40' - 0" X 60' - 0" ■ **Foundation:** Slab



Square Footage: 1,644 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 55' - 0" X 41' - 10" ■ **Foundation:** Slab





PLAN # HWBI030027 ■ 5-SET $750 ■ 8-SET $825 ■ REPRO $970 ■ CAD N/A

SEE MORE HOUSE PLANS AT WWW.BUILDER HOUSEPLANS. COM

DESIGNED BY: HOME DESIGN SERVICES, INC.; FILLMORE DESIGN GROUP

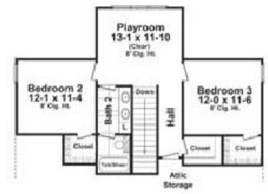


MASTER DOWN!

First Floor: 1,424 sq. ft. ■ **Second Floor:** 680 sq. ft. ■ **Total:** 2,104 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 38' - 6" X 68' - 4" ■ **Foundation:** Crawlspace, Slab



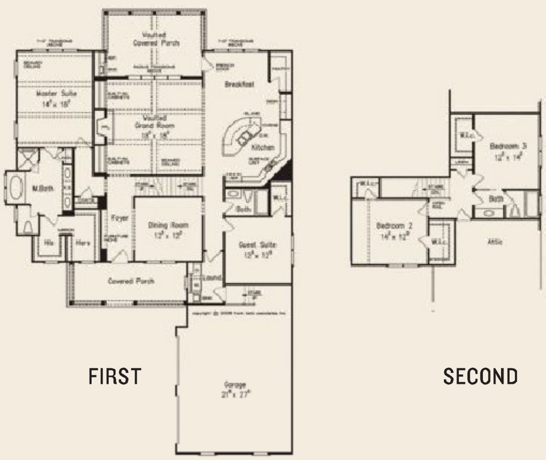
FIRST



SECOND

PLAN # **HWBI030028** ■ **5-SET** $705 ■
8-SET N/A ■ **REPRO** $865 ■ **CAD** $1,415

First Floor: 2,089 sq. ft.Second Floor: 601 sq. ft. ■ **Total:** 2,690 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 ■ **Dimensions:** 54' - 0" X 83' - 4" ■ **Foundation:** Crawlspace, Unfinished Walkout Basement



FIRST

SECOND

CORNER LOT!



PLAN # **HWBI030010** ■ **5-SET** $915 ■
8-SET $970 ■ **REPRO** $1,225 ■ **CAD** $2,085



SPLIT BEDROOMS!

Square Footage: 1,656 ■ **Bonus Space:** 717 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 54' - 0" X 54' - 0" ■ **Foundation:** Crawlspace, Slab, Unfinished Walkout Basement



PLAN # **HWBI030016** ■ **5-SET** $685 ■
8-SET $750 ■ **REPRO** $935 ■ **CAD** $1,570

SEE MORE HOUSE PLANS AT WWW.BUILDERHOUSEPLANS.COM

DESIGNED BY: HOUSE PLAN GALLERY; FRANK BETZ ASSOCIATES, INC.

Square Footage: 2,336 ■ **Bonus Space:** 227 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 ■ **Dimensions:** 59' - 0" X 68' - 0" ■ **Foundation:** Crawlspace, Unfinished Walkout Basement





PLAN # HWBI030003 ■ 5-SET $845 ■
8-SET $910 ■ REPRO $1,145 ■ CAD N/A

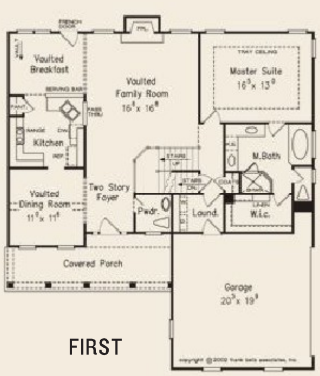


PLAN # HWBI030018 ■ 5-SET $740 ■
8-SET $810 ■ REPRO $1,000 ■ CAD $1,735

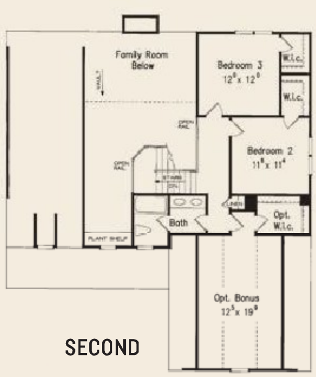
Square Footage: 1,996 sq. ft. ■ **Bonus Space:** 258 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 ■ **Dimensions:** 60' - 0" X 47' - 6" ■ **Foundation:** Crawlspace, Slab, Unfinished Walkout Basement



Main Level: 1,359 sq. ft. ■ **Second Level:** 520 sq. ft.Total: 1,879 sq. ft. ■ **Bonus Space:** 320 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 45' - 0" X 52' - 4" ■ **Foundation:** Crawlspace, Unfinished Walkout Basement



FIRST



SECOND



PLAN # HWBI030020 ■ 5-SET $740 ■
8-SET $810 ■ REPRO $1,000 ■ CAD $1,735

SEE MORE HOUSE PLANS AT WWW.BUILDER HOUSEPLANS. COM

DESIGNED BY: FRANK BETZ ASSOCIATES, INC.;



Square Footage: 2,252 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■
Dimensions: 57' - 8" X 64' - 4"



DESIGNED BY: ©DONALD A. GARDNER ARCHITECTS, INC.

PLAN # HWBI030019 ■ **5-SET** $800 ■
8-SET $855 ■ **REPRO** $1,200 ■ **CAD** N/A

HOUSEPLANS

ADDITIONAL ITEMS FOR SALE

Visit www.builderhouseplans.com or call for availability

Materials List ($85)
Additional Set ($60)
Mirror Reverse Fee ($55)
Full Reverse Fee ($175)
Line Rendering ($30)
Color Rendering ($100)

BY PHONE: U.S. toll free: 1-800-634-4773
Canadian toll free: 1-877-6389
Other international orders: 1-520-544-8200

BY FAX: U.S. toll free fax: 1-800-224-6699
Canada and overseas fax: 1-520-544-3086

BY MAIL: Hanley Wood Customer Care Center,
3275 West Ina Road, Suite 260, Tucson, AZ 85741

Shipping and Handling	5 or 8 set	Repro or CAD
Standard Service (7-10 business days)	$25.00	$20.00
Priority Service (4-5 business days)	$35.00	$25.00
Express Service (2-3 business days)	$45.00	$35.00
CANADA AND OVERSEAS DELIVERIES	Fax, phone, or mail for quote	

- A signature is required for all deliveries
- No COD's, all shipments require a street address, we cannot deliver to PO Boxes
- All delivery times are from the date the blueprint package is shipped
- Some add-on products incur additional shipping charges
- All prices are subject to change

ORDER PLANS ONLINE!

Go to our Web Site for hundreds of best-selling plans for builders in a form that lets you search by size, type, style, number of bathrooms, and other features, including hot buttons like home offices and first-floor master suites.

www.builderhouseplans.com

ABOUT THE PLANS

A plan order will include ideas for: General specification design notes; exterior elevations of all four views; building sections and details; interior elevations of cabinets and walls with unique conditions; electrical plans; and foundation plans. Basement plans are included only where applicable.

Plans are intended to supply ideas and potential building concepts only. Every location has its own regulations and requirements, which purchasers are responsible for meeting. Purchasers should consult a state-licensed architect before beginning any construction related to these house plans. The plans featured are prepared by independent designers and the publisher is not responsible for their content. Mechanical and plumbing codes and regulations vary widely across the country, and ideas and concepts for this portion of the design are generally not included.

REPRODUCIBLES AND BLUEPRINTS ARE NOT REFUNDABLE. EXCHANGES ON BLUEPRINTS ONLY (CALL FOR TERMS AND CONDITIONS).

HWBI03

We make installing a spiral straightforward.



The best selection, quality, and prices!

Since 1931, The Iron Shop has enjoyed a reputation for outstanding design and fabrication of spiral stairs. Today, we utilize computer-aided technology throughout our production process successfully mixing state-of-the-art manufacturing with Old World quality. Offering the largest selection, highest quality, and lowest prices in spiral stairs—we make sure that you get the right spiral to meet your needs, available in any height and BOCA/UBC code models. And our spirals are still made with pride in the U.S.A.

Call for the FREE color Catalog & Price List:
1-800-523-7427 Ask for Ext. B
or visit our Web Site at www.TheIronShop.com/B

Installation Video featuring "The Furniture Guys"

Main Plant & Showroom: Dept. B, P.O. Box 547, 400 Reed Rd, Broomall, PA 19008
Showrooms / Warehouses: Ontario, CA • Venice, FL • Houston, TX • Chicago, IL • Stamford, CT

THE IRON SHOP®
The Leading Manufacturer of Spiral Stair Kits®

"The Furniture Guys" is a registered trademark belonging to Ed Feldman and Joe L'Erario

65,000+ Decorative Building Products



Architectural Mouldings & Millwork • Columns & Capitals Balustrading • Wrought Iron Components • Lighting • Stamped Steel & Polymer Ceiling Tiles Brass Tubing & Fittings • Period & Contemporary Hardware • Kitchen & Bathroom Accessories • Cabinetry Cabinet & Furniture Components Knobs & Pulls • Surfacing Materials • Wainscoting • Wall Coverings • Plaster Architectural Elements • Fireplace Surrounds Faux Stone Panels • Faux Wood Ceiling Beams • Stock & Custom Wood Carvings… and so much more!

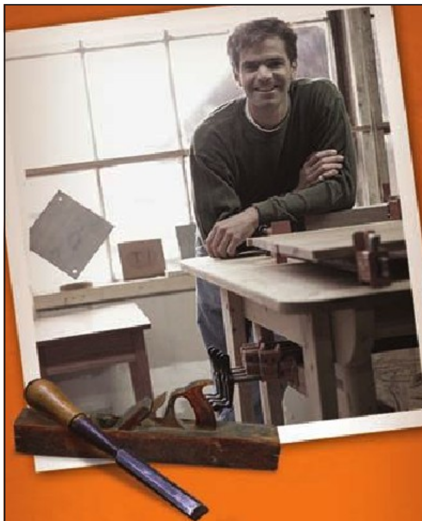
FREE 1,000+ Page Master Catalog!

Lowest Prices…Widest Selection… All From Stock!

WWW.OUTWATER.COM Toll Free 1-888-OUTWATER

Architectural Products by Outwater
Call 1-888-772-1400 (Catalog Requests)
1-800-835-4400 (Sales) • Fax 1-800-835-4403
www.outwater.com
New Jersey • Arizona • Canada

THINK GREEN



TODAY I DISCOVERED
NEW GORILLA WOOD GLUE
IS TOUGH ENOUGH
FOR EVERY WOODWORKING JOB
AND THAT A PERFECT DOVETAIL JOINT
CAN MAKE A GROWN MAN CRY



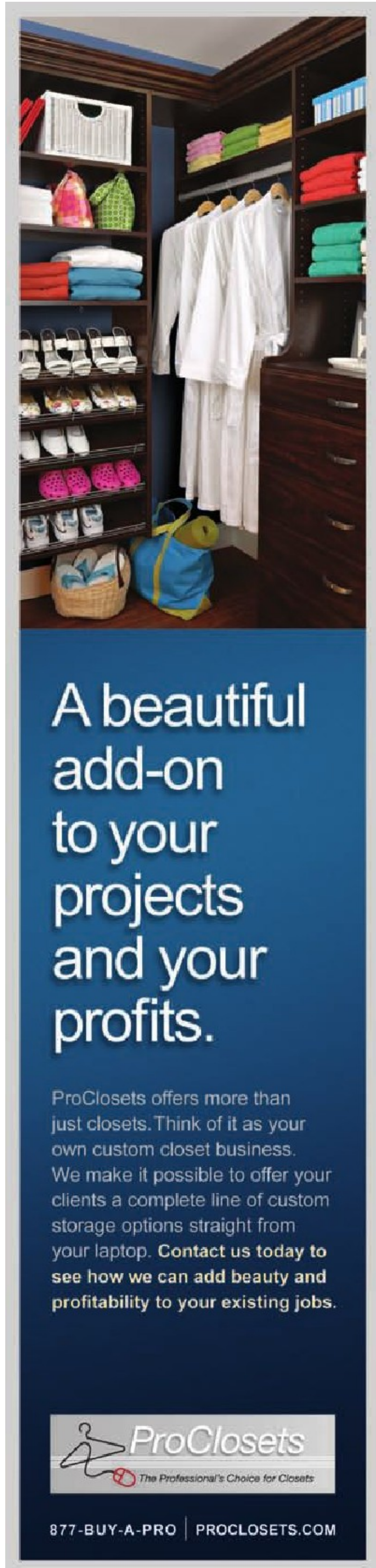
FOR THE TOUGHEST JOBS ON PLANET EARTH.™
1-800-966-3458 • WWW.GORILLATOUGH.COM


CARPETS OF DALTON, INC.
888-514-7446
Nation's Largest
Vinyl
Wood
Carpet
Pad
Rugs
Ceramic
Laminate
"FREE CARPET SAMPLES"
"1-888-514-7446"
Info@carpetsofdalton.com
Guaranteed Lowest Prices
Nations Largest
www.carpetsofdalton.com


HARDWOOD FLOORING
Burls
Blocks
Veneers
Decking
Lumber
Plywood
Millwork
Mouldings
ANY Length
ANY Width
ANY Specie
Call for our FREE Lumber Catalog!
CALL FOR FAST, FREE QUOTE
M.L. CONDON COMPANY Inc.
276 Ferris Avenue, White Plains, NY 10603
Phone: (914) 946-4111 • Fax: (914) 946-3779


Dryer Vents - with Back Draft Damper
SFB
SB
RCC-S
Mini Diffusers - Adjustable Volume Control
TT
TX
SEIHO
Find out more at www.seiho.com
or call 800-243-0039


SAVE
CARPET
VINYL & HARDWOOD
Carpet Express
AMERICA'S FLOOR STORE
MANNINGTON
SEE AND FEEL THE DIFFERENCE
Residential & Commercial Flooring
1-800-922-5582
915 Market Street • Dalton, GA 30720
www.carpetexpress.com


A beautiful add-on to your projects and your profits.
ProClosets offers more than just closets. Think of it as your own custom closet business. We make it possible to offer your clients a complete line of custom storage options straight from your laptop. Contact us today to see how we can add beauty and profitability to your existing jobs.
ProClosets
The Professional's Choice for Closets
877-BUY-A-PRO
PROCLOSETS.COM


www.SNOBLOX-SNOJAX.com
IceBlox Inc., D.B.A
SNOBLOX SNOJAX
The Originator of Polycarbonate Snow Guards!
www.SNOJAX.com
Without Snow Guards
With Snow Guards.
8 Stock Colors
16 Snow Guard Products
In Stock and Ready to Ship
LEAF BLOX
LeafBlox.com Gutter Leaf Protection
VentSaver.com Vent Pipe Protection
Toll Free: 1-800-SNOJAX-1
Ph: 717-697-1999
1405 Brandton Rd
Mechanicsburg, PA 17055
Get INSTANT Snow Guard Estimates & Spacing Layouts at www.SPACINGTOOL.com

BALUSTRADE SYSTEMS

CLASSIC design, TIMELESS beauty...

MarbleTex™
Synthetic Stone Balustrades

Architectural Urethane™
Polyurethane Balustrades

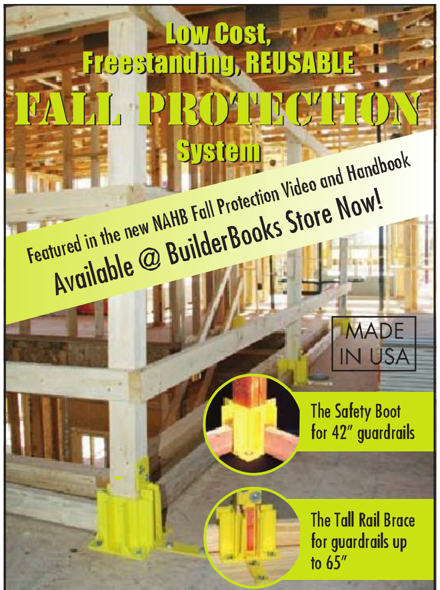
MeltonStone™
Cast Stone Balustrades

VinylClassic™
PolyVinyl Balustrades



Melton Classics™ Incorporated

Call Now For Your Custom Quotation
800-963-3060
www.MeltonClassics.com



The Safety Boot® is the original, OSHA compliant, third party tested and certified guardrail base that can be used throughout construction including drywall. Safety Boots quickly anchor into most surfaces including concrete. Building out of rails and posts is fast and easy with construction grade 2x4's. For stilt and ladder operations, simply add the certified Safety Boot Tall Guardrail Brace. When the job is done, use them again at the next project!

Safety Boot · Safety Maker

Safety Maker, Inc.
1-800-804-4741
www.safetyboot.com

ARCHITECTURAL RENDERINGS

TO SCALE & IN ONLY 3 DAYS! Realistic Handpainted WATERCOLOR. Highly Detailed, or Quick Sketch. Evocative, Cost Effective; Visa, MC, AmEx. Mayron Renderings, Calls Only 1-800-537-9256, 1-212-633-1503.
Visit www.mayronrend.com

Hypoluxo Island / Lantana, FL
Estate size builder's lot. Close to Palm Beach and the Ritz Carlton. Perfect site for a model or spec home. Great exposure and visibility in a prime location. Water and sewer hook-up on site. 80′ x 134′. $595K
M. Francy 561.308.9173 The Corcoran Group

For Vent-Free Gas Products Alliance
www.ventfree.org...
If you have questions about the technology, safety or sizing, builders can visit www.ventfree.org and download a copy of the new 20-page guide.
Stop by booth N2617 at NAHB IBS Expo.
NICE & WARM Vent-Free Gas Heat





Keeps the area under your deck DRY!



For NEW and EXISTING DECKS
12″, 16″ and 24″ Framing, up to 42′ in length!
Pre-Cut · No Glue · No CAULK · Lifetime Warranty

www.dekdrain.com
866-DEK-DRAIN
(866-335-3724)

DEK® drain Water Diversion System

Patents #6,415,571 B2 and #6,385,931 B1

FOR INFORMATION

on how to be a part of the next BUILDER special advertising section, contact Barb Bukaty at 913.239.8877.

hanley▲wood

For more information, go to http://builder.hotims.com

ADVERTISER	PAGE #	PHONE NUMBER
Advanta	82-83	800-282-2192
Ameristar	144	866-702-3192
Armstrong Cabinets	8-9	
Bank of America	17	800-344-9403
Bobcat	167	866-823-7898 x914
Bradford White Corporation	96	866-690-0961
Budget Blinds	127	866-258-5369
Builder LivingHome	188-189	
Builder Online*	64	
Cadsoft Corporation	16	888-223-7638
Calculated Industries	128	800-854-8075
Carrier Corp.	**84**	**866-402-6945**
CemcoLift	102	800-962-3626
Chamberlain	125	800-323-2276
Comcast	74	877-395-5388
Cooper Lighting	92	
Cosella Dorken	101	888-4DELTA4
Cummins Onan	57	
Dacor	94	800-793-0093
Dell	**77**	**800-433-5882**
Delta	141	
Dow	**45**	
Dryerbox	96	888-443-7937
ECR International*	64	
Endura	103	800-334-2006
Environment One	177	518-346-6161
EPA	93	
Exaktime	18	888-788-8463
Ferguson	46	
Foundry by The Tapco Group	58	
Fypon	190, 199	800-446-3040
Generac	91	888-GENERAC
German Timber	80	
Gold Nugget Awards	32	
Gossen	98	800-558-8984
Hanley Wood Market Intelligence	171	
Hearthstone Builder Humanitarian Award	170	
Home Fire Sprinkler Coalition	63	
Honda Generators	66	800-426-7701
Huber Engineered Woods	26, 27, 37	800-933-9220
iLevel	**32 a-p, 187**	**888-iLevel8**
Inspire by The Tapco Group	165	
James Hardie	**143**	**866-4-HARDIE**
JELD-WEN Windows & Doors	**49**	**800-877-9482 x11703**
K/BIS	72	
Keystone Retaining Wall Systems	86-87	800-747-8971
Knauf Insulation	175	800-825-4434 x8300
Kohler Company	**163, 185**	
LiteSteelbeam	34	877-285-2607
Lutron	**52-53**	**866-881-0727**
Marvin Integrity	**24, 25**	**888-819-2467**
Marvin Windows and Doors	**28, 29**	**800-241-9450**
Masco	**64 a-p**	
Meganite	144	800-836-1118
Merillat	**14-15**	**888-444-4642**
Milgard	70	800-MILGARD
Mortar Net	68	800-664-6638
NAHB	33, 65, 81, 97, 129, 145	
Napoleon	44	800-461-5581
National Kitchen & Bath Association	79	800-THE-NKBA
Nichiha	22	866-424-4421
Pella Corp.	**C4**	**866-829-9055**
PERC	**2-3**	
Ply Gem	40, 80a-h	
Quality Edge	96 a-b, 128 a-b	
QuickBooks	31	
R Max*	64	800-527-0890
Reward Wall Systems	**128**	**800-468-6344 x2702**
Ricochet	155	503-220-0212
Royal Mouldings	20	800-368-3117
Salsbury Industries	80	800-624-5269
Sea Gull Lighting	153	
Simpson Strong-Tie	**30**	**800-999-5099**
Site Commander	206	
Softplan	16	800-248-0164
Sprint	137	800-SPRINT-1
Sub-Zero	156-157	
The Tapco Group	88	
Therma-Tru	**10**	
ThyssenKrupp Access	**111**	**800-829-9760 x9576**
Timely Prefinished Steel Door Frames	51	818-492-3500
Toyota	4-5	
Trex	6-7	
Tyco Fire & Building Products	**139**	**877-438-8926**
Typar, HouseWrap	19	
U.S. Green Building Council	54	
Uponor	**13**	**800-321-4739**
Verizon Wireless	**C3**	**800-VZW-4BIZ**
Versatex	169	724-857-111
Viance	69	800-421-8661
Vinyl Siding Institute, Inc.	23	
VT Industries	43	
Wayne-Dalton	73	
Whirlpool Corporation	**C2-1, 121**	**800-253-3977**
Windsor Windows & Doors	61	800-283-3399
Young Manufacturing	39	800-545-6595

Bolded Advertisers are members of the National Council of the Housing Industry.
*Issue mailed in regional editions.
Advertisers: To update your listing, contact Lauren Dobos at 202-736-3461 or send an email to ldobos@hanleywood.com



"We need our baseline building codes to evolve to the 21st century and acknowledge the tremendous advances that have been made in products and practices and technologies."

RICK FEDRIZZI
PRESIDENT AND CEO
U.S. GREEN BUILDING COUNCIL
WASHINGTON, D.C.

COURTESY U.S. GREEN BUILDING COUNCIL

As founding chairman of the U.S. Green Building Council (USGBC), which manages and promotes the LEED and LEED for Homes rating systems, Rick Fedrizzi travels the globe working to develop best practices for sustainable building for both commercial and residential construction. He's worked with key governmental agencies to establish and implement policies that impact businesses and consumers alike.

He's been at the green building game for so long, some people might be surprised that he came to the USGBC after a full, 25-year career at Carrier Corp.

Not surprisingly, his work there garnered the company the U.S. Department of Energy's National Energy Award, and the Stratospheric Ozone Protection Award from the EPA.—*Pat Curry*

Q: What's the business case for building green?

A: Market differentiation. As the benefits of well-designed, durable, health-conscious, efficient, and environmentally friendly buildings continue to differentiate a green home from a code home, it becomes a mark of excellence. ... Having said that, we need our baseline building codes to evolve to the 21st century and acknowledge the tremendous advances that have been made in products and practices and technologies. Building codes are fundamental safeguards for public health, safety, and welfare, and sustainability should be part of them.

Q: How far have we come and how far do we have to go toward truly sustainable home building in the U.S.?

A: While LEED for Homes and other residentially oriented green building programs have begun to help bring about the construction of more sustainable homes, we still have quite a way to go. Even if every newly constructed home was built in a way that reduces energy and water use and minimizes other harmful environmental effects, we still have a massive existing-housing stock that needs to be addressed.

Q: Of all the things happening in sustainability in the U.S. right now, what excites you most?

A: Modular and off-site fabrication of homes. ... [It] allows builders to greatly reduce the amount of construction waste produced during a building project and increases the opportunity to consistently deliver a higher-quality home.

verizonwireless

Choose The Only Push To Talk That Comes With The Network.

Make your business instantly more productive by choosing the only Push to Talk service that comes with the Verizon Wireless Network and its reliable voice service. Plus, get coast-to-coast coverage and 24/7 customer service. Verizon Wireless. The smart choice for Push to Talk.





Let Verizon Wireless be your "go-to" guy for Push to Talk you can count on.

Call 1.800.VZW.4BIZ **Click verizonwireless.com/pushtotalk** **Visit a Verizon Wireless store**

Push to Talk is available only with other VZW Push to Talk subscribers; coverage not available everywhere. Network details & coverage maps at vzw.com.

Go to http://builder.hotims.com for more info

See us at the International Builders' Show, booth C4171